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NEWS SUMMARY

GENERAL

Iran 'closes all borders'

Iran is believed to have closed its air space and land borders to all traffic for one week.

Announcement of the move was mada on State radio. It was *said to have been approved* by the Revolutionary Prosecutor-General, a medium-ranking official.

But officials speaking on behalf of President Bani-Sadr were unabla to confirm that he had sanctioned the closure. Spy trial threat for hostages, Page 4

Blow to Proms

The first night of the Proms on Friday was cancelled by the BBC because of the strike by the Musicians' Union over plans to disband five orchestras. Back Page

Turkish MP shot

A Turkish MP from the main opposition Republican People's Party was shot dead in Istanbul as he left his office.

Cancer death

Peter Flynn, 17, who was being treated for a facial tumonr with Interferon, the cancer drug, died after collapsing at his Glasgow home on Monday.

Hysteria theory

The hundreds of schoolchildren who collapsed at a jazz contest in Nottinghamshire may have been suffering from tiredness which led to mass hysteria, the county's public health laboratory said.

Reagan challenge

Republican conservatives are threatening to stage a protest if Ronald Reagan picks George Bush as his Vice-Presidential running mate. Page 5

Whale imports

A majority of MPs from all political parties supported a motion calling for a ban on imports of all whale products into the UK Page 8

Charity pulls out

The Save The Children Fund withdrew its medical team from part ef central Zimbabwe because of threats against nurses by dissident black guerrillas.

Scheckter to quit

World champion racing driver Jody Scheckter ef South Africa is to retire at the end of this Grand Prix season.

Test drawn

A much-improved England batting performance saved the third Test at Old Trafford, which ended in a draw. Scores: England 150 and 391-7 (Boycott 86; Willey 62 not out); West Indies 260 (Lloyd 101).

Pot luck

A Ming jar used by a Devon widow as a plant pot fetched £265,000 at Sotheby's. Saleroom, Page 7

Briefly . . .

At least 21 people died and 35 were injured when fire swept through an Ontario nursing home.

RAF joined air forces from six other countries in an exercise over the east coast to test the UK's air defences.

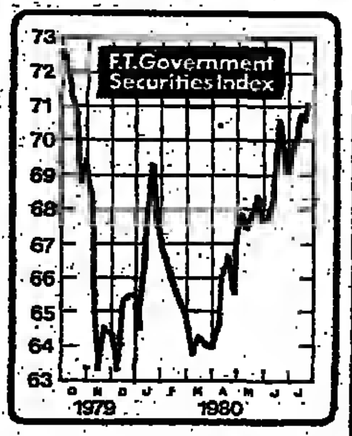
Television personality Lady Isobel Barnett, 62, was charged with theft. She is to appear in court next month.

Unsettled weather is expected to continue for the next week. A dry spell is then forecast before more rain in mid-August. Weather, Back Page

BUSINESS

Equities reach 13-month high

● GILTS surged on news of last month's near-balance in visible trade, with late gains stretching



to 1¼ points. The Government Securities index added 0.46 to close at 71.07. Page 32

● EQUITIES bounded forward, to leave the FT 30-share index 10.1 up at 499.8, its highest for 13 months. Page 32

● DOLLAR finished slightly firmer at DM 1.7475 (DM 1.7425). Its trade-weighted index rose to 83.2 (82.9). Page 29

● STERLING improved in late trading, closing 30 points off at \$2.3730. Its index rose to 74.6 (74.5). Page 29

● GOLD continued its sharp fall in London, losing \$24 to close at \$620.5. Page 29

● WALL STREET was 2.21 up at 907.76 near the close. Page 30

● INVISIBLE earnings of Britain's service industries are forecast to rise 5 to 7 per cent this year to £21bn. Page 8

● CITICORP, the second largest U.S. bank, reports a 40 per cent rise in second-quarter earnings to \$176.7m (£74.4m). Page 25

● CARRINGTON VIYELLA appointed former Spillers divisional director Derek Hornby as new chairman, in a move that could signal major restructuring. Page 7, Men and Matters, Page 20

● ATTEMPT to rally opposition to Vickers' bid for Rolls-Royce Motors is being made by merchant bankers Rea Brothers with the support of leading stockbrokers Messels. Back Page and Lex

● RECEIVERS at Fodens will try to maintain operations in the hope of finding a buyer for the heavy truck maker. Back and Page 10

● MERGER between West Germany's biggest aerospace concerns MBB and VFW is in sight after three years of negotiation. Page 26

● BRITISH GAS is to bring forward to 1984 its £1bn development of the Morecambe Bay gas field. Page 8

● SOVIET UNION and the Eastern bloc are likely to supply 6 to 7 per cent of France's energy needs this year, with gas deliveries becoming increasingly important. Page 2

● CRAFT unions at the Isle of Grain power station rejected TUC proposals to end tha dispute and called for a meeting of the general secretaries of all unions involved.

● MARINEX, the oil exploration group, is to receive a market listing on Monday under Rule 163(3). Page 22

● CENTRAL Manufacturing and Trading Group warns of a reduced final dividend for the year ending this month. Page 22

● MAGNET AND SOUTHERNS, joinery manufacturer, lifted pre-tax profits for the year to March 31 by £6.82m to £25.82m. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 13¼pc 1994 (£70 pd.)	£75⅞	+ 1⅛
Treas. 12pc 2000 (£30 pd.)	£34¼	+ ½
BOC Intnl.	83	+ 5
British Sugar	245	+ 17
Corinthian	30	+ 4
Debenhams	79	+ 4
Dowty	236	+ 8
Elys (Wimbledon)	192	+ 9
Farnell Elec.	352	+ 17
GEC	470	+ 24
GKN	256	+ 8
Hambro Life	262	+ 11
Hampton Trust	64	+ 8
Hawker Siddeley	234	+ 10
ICI	380	+ 12
Leigh Interests	182	+ 10
Lontrim	15	+ 5
Mining Supplies	125	+ 7
Owen Owen	122	+ 8
Phoenix Assurance	262	+ 8
Plessey	218	+ 10
Stewart Wrightson	235	+ 15
BP	358	+ 12
Candecca	190	+ 19
Carless Capel	131	+ 17
North West Mining	176	+ 18
Strata Oil	144	+ 20

FALLS

Central Mnftg.	34	− 8
ERF	62	− 5
Midland Bank	352	− 18
Prince Wales Hotels	85	− 8
RTD	11	− 3
Rank Org.	174	− 6
Impala Platinum	262	− 22
Kinross	580	− 52
Kloof Gold	£12½	− ⅞
North Kalgurli	79	− 7
Samantha Explor.	78	− 16
Welkom	688	− 62
Western Deep	£20½	− 1⅞

NUCLEAR WEAPONS PROGRAMME WORTH £5bn

UK to spend £1bn on Trident missiles

BY LYNTON McLAIN AND RICHARD EVANS

BRITAIN is to buy the U.S. Trident ballistic missile system to replace Polaris in a £5bn programme to maintain the UK's independent nuclear deterrent for the next 40 years.

The Trident missile system is the latest strategic weapon to be developed by the U.S.

The missiles will be bought from Lockheed in the U.S. at a total cost, including the associated submarine system of about £1bn.

At least 70 per cent of the total cost of £5bn for the whole programme will be spent on British hardware and equipment. This wil include four, possibly five purpose-designed and built nuclear powered submarines to carry 16 Trident missiles each. *The cost will be* spread over 15 years.

MPs were amazed at Westminster after the Commons announcement when it was learned that the decision, the most sifinificant in the defence field in this Parliament, was made without detailed debate by the Cabinet.

Instead, a handful of senior Ministers on the Cabinet's Defence and Overseas Policy Committee took the decision some weeks ago.

The announcement had not been expected until later this month—the Cabinet was due to discuss Trident tomorrow—but it was decided to rush it through because of a series of leaks in the U.S. and in Britain. Details of the decision were circulated to the full Cabinet only in the last two days.

The Government's decision to buy the Trident missile system will involve British industry in its biggest single military production programme.

The Trident missile is now entering service with the U.S. Navy on 19,000 tonne Ohio class submarines—among the largest in the world and capable of carrying 24 Trident I (C4) missiles. The first British Trident missiles are expected to be in service in the late 1980s.

The missiles have a range of 3,470 miles with a full payload of up to eight independently targetable nuclear warheads. This compares with the 2,170 mile range of Polaris A3 missiles which carry a smaller warhead load and weigh almost half as much as the 29-tonne Trident missile.

Work on the missiles will almost certainly involve Vickers Shipbuilding at Barrow-in-Furness — Britain's main centre for nuclear submarine construction — but a strong

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Lombard, Page 18
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Schmidt urges firm line on missiles, Page 3
Soviet missile talks possible, Back Page

lobby can be expected from Cammell Laird's yard on Merseyside and possibly Scott Lithgow on the lower Clyde.

The Government's decision was immediately condemned by the Opposition, ranging from criticism of the cost from Mr. William Rodgers, shadow defence spokesman, to a pledge from Left wingers that a future Labour Government would cancel the deal.

The initial response of Conservative MPs was almost universally favourable, though there have been arguments inside the Tory Party with both back benchers and some Ministers expressing alarm that the cost of a full-blooded successor to Polaris could seriously damage more conventional defence spending.

Mr. Pym stressed there would be substantial benefit in jobs from the development of the Trident project, and this could affect the attitude of some Labour MPs.

Ministers denied that such massive spending on one project would have an adverse effect on other defence schemes. They argued that the Government was pledged to increase defence spending by 3 to 4 *per cent a* year compound, and a proportion of the extra cost of Trident could be absorbed in this way.

Mr. Pym emphasised that once Trident was bought, it would be entirely within Britain's ownership and operational control and the whole force would be committed to NATO in the same way as the Polaris force was today.

Queen Mother's day

THE FAMILIAR royal wave and smile from the Queen Mother as she and Prince Charles ride in procession to St. Paul's Cathedral. There, a special thanksgiving service was held in honour of her 80th birthday on August 4. Crowds stood outside Buckingham Palace and thousands lined the route to catch a glimpse of her. Millions more watched the occasion on television. The Archbishop of Canterbury said the Queen Mother still displayed an astonishing taste for new experiences and friendships.

Midland plans U.S. takeover

BY MICHAEL LAFFERTY IN LONDON AND DAVID LASCELLES IN NEW YORK

MIDLAND BANK plans to acquire a 57 per cent stake in Crocker National Bank, a Californian-based group which is ranked 14th among U.S. banks, in a £346m deal.

It will be the largest ever foreign takeover of a U.S. bank, and one of the largest international takeovers. The deal would make Midland about the 13th largest bank in the world in terms of total assets and comparable in size to Chase Manhattan and National Westminster.

Yesterday's announcement came only days after the expiry of a three-month moratorium on foreign takeovers of U.S. banks.

However the Federal Reserve Board will have to decide whether Midland can retain its stake in European American Bank, the six-member consortium which has a sizeable branch network in New York. U.S. regulations forbid banks from conducting deposit-taking business in more than one State, and if the Crocker link-up goes through, Midland will have a presence in both New York and California.

The deal is also bound to be scrutinised by Congress, which is concerned about the foreign banking invasion proposes to draw up new regulations. It is also studying a recommendation that it should ban all foreign bank takeovers until a new policy is formulated.

Under a preliminary agreement with Crocker, Midland will acquire its stake in two stages. First, it will make a tender offer for 6.5m existing shares at book value, but not more than \$50 a share, and then purchase 3m new shares for \$270m, or \$90 a share.

By that stage, Midland will own 51 per cent of the Crocker stock. The second stage involves Midland's acquisition of a further 2.5m new shares at \$90 a share within three years. When this is complete, Midland will control 57 per cent of Crocker stock.

About-turn

Crocker had assets of more than \$16bn at the end of 1979. In the last five years its earnings have quadrupled and loans and deposits have jumped by 50 per cent. Midland said yesterday it was "among the strongest and most profitable of West Coast banks."

Crocker has main offices in San Francisco and Los Angeles; it has 368 branches in California, offices in New York and Chicago, and representative offices in 12 other countries. Subsidiaries operate in credit insurance, trust and investment, property and mortgage banking, leasing and factoring and consumer and commercial finance.

The Crocker deal represents a second attempt by Midland, one of the big four British clearing banks, to acquire a substantial position in the U.S. market. In October last year the bank announced that it was giving up its plan to buy the Walter E. Heller finance and banking group of Chicago in a £219m deal. No reason has been given.

Midland has been seeking a U.S. acquisition for the last few years, following an about-turn in the bank's international banking strategy.

In the 1960s Midland decided to concentrate its international ambitions on its worldwide network of correspondent banks, and a consortium banking club called EBIC, which includes several leading European banks, including Deutsche Bank. EBIC became the vehicle for several consortium banks, including the bank now known as European-American of New York.

Mr. Malcolm Wilcox, one of Midland's two chief executives, said yesterday that it now appeared that it would have been preferable if Midland had linked the consortium developments with more expansion in its own name. The emphasis had been wrong, he said.

Midland had no desire to pull out of European-American, Mr. Wilcox said. "I hope we will be able to go on."

Mr. Wilcox said Midland intended to allow Crocker a fair degree of autonomy if the deal went through. "We will set policy. We have total confidence in its management," he said. He added that Midland had no intention at present of buying out the large minority interest which will be left at Crocker, but he *could* not *rule* that out.

Midland would like to see as much as 40 per cent of its profits coming from overseas banking operations, according to Mr. Wilcox. The Crocker deal would take the proportion up to about one-third.

In a separate deal, Midland also said yesterday that it was investing under £50m in a scheme to acquire a 60 per cent stake in Trinkhaus and Burkhardt, West Germany's largest private bank.

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Trade surplus for two successive months

BY DAVID MARSH

THE CURRENT ACCOUNT of the UK balance of payments showed a surplus in June for the second month in succession, mainly owing to a slowdown in imports caused by the deepening recession.

The sharp improvement in the current account in the last few months also reflects Britain's move to self-sufficiency in oil and relative buoyancy of exports despite the strong pound.

The surplus contrasts with the substantial deficits being run by most other industrialised countries.

The surplus on current account last month rose slightly to £33m from £32m in May, according to seasonally adjusted figures published yesterday by the Department of Trade.

The last time the current account was in the black for two successive months was at the end of 1978. The figures gave a fillip to the gilt-edged and equity markets yesterday afternoon. Long dated Government bonds rose by up to £1.5 on the day. The FT 30-share index climbed 10.1 points to 499.8, the highest for 13 months.

The City was particularly encouraged by signs that the decline in industry's competitive position over the past year — put at 30 per cent by the Treasury — has not so far seriously depressed exports. A substantial part of last month's export sales may however have reflected orders placed before the pound's renewed rise during the past few months.

The deficit on visible trade last month narrowed to £17m, the lowest since October 1978, while the surplus on invisibles transactions was estimated at £50m.

In value terms, both exports and imports were about 1 per cent higher than in May at £4.01bn and £4.03bn respectively.

The current account deficit for the first half of the year narrowed to £566m from £794m in the second half of last year and £1.52bn in the first half.

The first-half deficit was well below the Treasury's forecast made at the time of the March Budget of a £1.5bn shortfall.

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BALANCE OF PAYMENTS
£m seasonally adjusted

		Visible trade	Invisibles	Current account
1979	2nd	− 486	+129	− 357
	3rd	− 493	+410	− 83
	4th	− 745	+ 34	− 711
1980	1st	− 723	+306	− 417
	2nd	− 299	+150	− 149
	Apr	− 264	+ 50	− 214
	May	− 18	+ 50	+ 32
	June	− 17	+ 50	+ 33

Source: Department of Trade

NGA rejects Observer offer

BY NICK GARNETT, LABOUR STAFF

THE FUTURE of the Observer was again in doubt last night after a defiant rejection by the National Graphical Association of the paper's "final" pay offer to print craftsmen.

The management had fixed yesterday as its last deadline for reaching agreement. Atlantic Richfield, the Observer's U.S. owner, has said that it will withdraw from ownership if a settlement is not achieved which is satisfactory to management.

Mr. Joe Wade, general secretary of the NGA, said after the meeting yesterday of the union's national council that the council was "fully aware of the serious implications" of its decision.

The union, he said, had not backed down in the dispute with The Times or with the Newspaper Society, which represents provincial newspaper managements, "and we are not backing down at the Observer," Mr. Wade said.

The union, however, after taking its decision to reject the management terms, discussed the possibility of the Advisory, Conciliation and Arbitration Service intervening in the dispute with Mr. Jim Mortimer, chairman of ACAS. This possibility was relayed by the union to the Observer management, which last night was still discussing yesterday's developments.

It was unclear last night if the offer to discuss the dispute through ACAS signified a willingness by the NGA to offer a further compromise in its position. So far it has said that it will not concede any more. Mr. Les Dixon, the union's president, said yesterday that the statement from Mr. Wade implied that that was still the union's position.

The union has been claiming one hour's extra payment for the Saturday all-night shift, together with a payment of £7.20 for printing newspapers of more than 48 pages.

The management has rejected the claim for an extra hour's payment and offered £3.20 for the printing of each set of eight pages above 48.

Mr. Wade said last night that the dispute had been brought about by a management which was not prepared to negotiate a reasonable settlement. "If we back down every time a Fleet Street management threatens us with closure if we will not accept their demands we might as well not bother negotiating *and wait* until we get a postcard telling us what the management want."

£ in New York

—	July 14	Previous
Spot	\$2.3750-3770	\$2.3755-3755
1 month	1.56-1.51 dis	1.39-1.33 dis.
3 months	3.60-3.55 dis	3.69-3.63 dis.
12 months	7.55-7.35 dis	7.85-7.70 dis.

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For latest Share Index phone 01-246 8026

William Dullforce, Nordic Editor, reports on the stoppages that are paralysing Oslo's oil production

A storm inland from Norway's North Sea strikes

STRIKES by two groups of oil workers have halted production of oil and gas and all exploratory drilling on the Norwegian side of the North Sea at a cost of almost $24m a day to the companies and the Norwegian treasury. The question now is when Norway's Labour Government will intervene. So far, it has declined to exercise its power to impose compulsory arbitration by a wages board but by the end of this week it may well decide it has no choice.

The losses in production and revenue are large but not, in themselves, enough to prod the Government into immediate action. The ripple effect of the strikes on employment in the supporting industries is taken more seriously. But the main motive for intervention is the fear that runaway wages offshore will "infect" the mainland economy, undermine the Government's anti-inflationary programme and cripple the ability of conventional Norwegian industry to compete.

The issue is complicated by trade union rivalry. Only one of the unions involved is affiliated to the Landsorganisasjonen (LO), the Norwegian trades union federation. The others are American-style "house unions" originally set up to negotiate with the operating companies on Norway's three producing fields. The house unions now work together in a loose cartel, called the Operators' Union Co-operation Committee (OFS).

Mr. Gjerde: sees danger to Norway's economy

The first strike started at midnight on *July 3* by some *2,000* production platform workers belonging to the co-operation committee, has brought the flow of oil and gas from the Ekofisk complex and the Statfjord field to a standstill.

The strike also extends to the Frigg gas field, which straddles the dividing line between the Norwegian and British sectors. Production on the Norwegian side had been halted before the strike so that new equipment could be installed, and was not due to be resumed until September. Gas from the British side is still being pumped through one of the two pipelines to St. Fergus in Scotland.

The strikers *are seeking* pay increases of about 33 per cent but have also tabled demands for new shift arrangements, which would reduce their average working week to 28 hours, and for retirement pension at the age of 55. The companies believe these claims would more than double their labour costs.

About 550,000 barrels a day in oil and Natural Gas Liquid production has been lost, of which some 500,000 is normally carried from Ekofisk by pipeline to Teesside. Deliveries of natural gas from Ekofisk to Emden in West Germany, which averaged 44m cubic metres a day during the first five months of this year, have also been stopped.

The gross revenue loss is estimated to be Nkr 114m (£10m) a day, of which Nkr 75m would have gone to the Norwegian state.

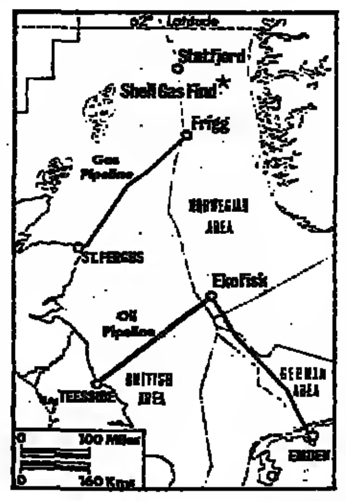
The second strike was started at midnight on July 10 by The Norwegian Seamen's Union. For about 1,500 members working on mobile rigs, it is demanding pay increases which it says amount to around 40 per cent but which the rig owners claim would come out at more like 60 per cent.

Here union rivalries come into the picture. The seamen's union, which is a member of the main trades union federation, says that its pay demand *includes a 33 per cent improvement* to make up for the ground lost by its members against the platform workers' house union in previous pay settlements with the operating companies.

The chairman of the seamen's union has said that some rig workers are earning only NKr 70,000 a year, while production platform workers average NKr 140,000-150,000 a year. But the seamen pay special tax which amounts to only 15 per cent, while members of the house unions pay regular Norwegian tax rates which are much higher.

The seamen's strike has stopped work on 22 mobile drilling rigs, including some operating in the British sector, and could eventually close down six more Norwegian rigs in other parts of the world.

The loss of Norwegian oil and gas output will not apparently, affect either the world or European markets in the immediate future. Stocks are good and consumption low during the summer. Ekofisk supplied 12 per cent of the natural gas fed into the West German network last year but a spokesman for Ruhrgas, West Germany's largest gas importer, said last week there would be no problem in coping with the stoppage during the current season.



The loss in income will be more serious for the companies than for the Norwegian Government. Phillips, in particular, has a 37 per cent share in Ekofisk and relies heavily on Ekofisk output for its cash flow. Recently, the Finance Ministry calculated that oil price increases and new tax regulations would raise the State's North Sea revenue to almost NKr 21bn this year, NKr 9 bn more than originally budgeted.

Mr. Odvar Nordli's cabinet has so far taken the stand that workers have a right to strike and that the operating companies must settle matters with the unions. But it cannot afford a complete collapse by the companies to the union demands.

The norm price for Norwegian North Sea oil, and that by which company payments to the Norwegian treasury are determined, has risen from $20 a barrel in the second quarter of 1979 to $36 a barrel today. The companies could be tempted to pay substantial pay increases, in order to get output and cash flowing.

But the Government has been struggling to hold down domestic inflation since the end of a 15-month pay and price freeze in January. It induced the trades union federation to accept a relatively moderate wage settlement this year. But Mainland workers are not likely to be content with 15 per cent nominal increases, if the offshore workers manage to collect 50 per cent or more.

Last week, Mr. Bjartmar Gjerde, the Oil Minister, pointed out the danger to the Norwegian economy as a whole, if general wage levels were to be determined by North Sea operations. The Government is thus almost bound to order compulsory arbitration to preempt any move by the companies to give way to the strikers' more extreme demands.

France will increase energy imports from Eastern Europe

BY TERRY DODSWORTH IN PARIS

THE SOVIET UNION and other Eastern European countries are likely to *supply 6-7 per cent of* France's total energy needs this year, with gas deliveries becoming particularly important as the country cuts down its reliance on oil.

While these figures suggest only a modest growth in French dependence on Eastern bloc energy, the expansion in the country's gas imports from the USSR will be a significant element in the plans to increase the use of gas. According to the Government's latest energy programme, gas should be supplying almost 16 per cent of France's energy by 1985, compared with 12 per cent last year.

France has been under contract to receive gas from the Soviet Union since 1976, and has been *accounting* for about 2.5bn cubic metres a year. Until this year, these supplies were delivered to Italy under a swap arrangement in which the French gas utility, Gaz de France, took Dutch natural gas destined for Italy in return.

Since February, however, France has been receiving Soviet gas directly, following the opening of a pipeline into the north-east of the country. It is now hoping to step up its *imports from 2.5bn to 4bn cubic metres* and it is expected *that* some 14 per cent of the country's gas requirement could be furnished from the Soviet Union.

Over the longer term, these supplies could rise even more depending on current negotiations between Western European gas companies and the Soviet Union. With continuing uncertainty over supplies of Algerian gas, the French are clearly interested in diversifying their sources.

The rise in East European gas supplies will more than offset the expected drop in coal deliveries. These are declining because both Poland and the Soviet Union want to conserve their output for home consumption. The Poles, who delivered the bulk of Eastern European coal last year (some 4.5m tonnes), have told the French they will be cutting back to about 4.2m tonnes.

Oil supplies from the Soviet Union are likely to stay around the normal mark of 2.5-3 per cent of total French imports which are running at present at more than 100m tonnes a year.

Youth protests shake placid Switzerland

BY BRIJ KHINDARIA IN GENEVA

A RISING wave of violence by young people has shaken Switzerland and resulted in some painful soul-searching by local authorities in the big cities and by the Government.

The worst violence occurred in Zurich, the country's business and financial centre. Some 500 people clashed with police for more than 13 hours up to four o'clock last Sunday morning. About 130 demonstrators were detained of whom 14 will be prosecuted for disorderly conduct, disturbing the peace, theft and damage to *public and private property*. Three people were injured including one who is still in a serious condition.

The youth protests so far have not been politically motivated and appear to stem from genuine frustration with an overbearing system of government that intervenes in most aspects of young people's lives. But there is a growing fear that hard core anarchists and left-wing students, helped by "foreign elements," might exploit the protesters to seek political aims.

The violence, which first erupted on the night of May 31 took Zurich by surprise. Subsequent demonstrations and violent *clashes* with police in other large Swiss cities, including Berne and Basle, also caught local authorities unprepared.

The "youth phenomenon" has now become the subject of concern all over Switzerland. Combined with increasing use of drugs by young people in many schools and universities, youth unrest is fast becoming a national problem and political parties are scrambling to develop policies towards it.

Eggs at opera

On May 31, about 300 young people flung rotten eggs, tomatoes and bags of paint at elegantly dressed spectators coming out of the Zurich opera house after a performance.

The attackers were protesting against a Zurich city council decision to spend £16m on a new theatre complex while denying their request for "autonomous youth centres" where young people would be free to do as they pleased 24 hours a day.

As police reinforcements appeared on the scene, the crowd of young people swelled to more than 1,000. Bottles, stones and Molotov cocktails were hurled at police using tear gas and water hoses. In a burst of frustration, protesters also broke shop windows and threw their contents, including expensive watches and furs, into the nearby River Limmat.

Damage was estimated at £850,000. About 36 policemen were injured and several hundred people were detained for identity checks. Some 50 were later jailed.

A naked march

In a subsequent demonstration about 50 young people marched naked through Zurich city centre with the letter "A" for autonomous painted on their bottoms.

Two weeks later, the city authorities handed over a run-down office block in the centre of town as the first autonomous centre. But last Saturday afternoon about 250 youths gathered there for a protest march to obtain the release of their comrades arrested in previous demonstrations.

Almost as soon as they poured into the streets police charged into them with tear gas, water hoses and batons. Several hundred more youths quickly gathered and fighting continued late into the night.

The Socialist party said in a statement *afterwards* that the police were unnecessarily brutal while the Conservative Christian Democrats called for the re-establishment of law and order.

Although requests for autonomous youth centres must be dealt with at local level, it is likely that the general issue of improving conditions for young people will come before Parliament in coming weeks.

But any protest at all in this placid country is a novelty. After the May 31 clashes, the authoritative newspaper, Neue Zuercher Zeitung, wrote: "Our democratic State is threatened with disintegration."

The question being asked now is whether the protests should be met with improved youth policies or with more severe police action.

Positions harden in pay struggle at Air Portugal

BY JIMMY BURNS IN LISBON

AIR PORTUGAL resumed operations yesterday after pilots called off a crippling three-week strike over pay and working conditions. But the future of Portugal's national airline, seems still to hang in the balance. Both the Government and the unions appear to have hardened their positions beyond the point of dialogue.

In a toughly-worded statement delivered jointly by the Ministers of Labour and Transport, the Government said it had not acceded to the pilots' demands for tax exemptions nor withdrawn Air Portugal's status as a company "in economic crisis." By law this definition gives the management powers to freeze salaries, increase working hours and reduce the labour force.

The pilots, in turn, have "in no way abandoned" their demands and say they will continue to pressure the management "by means other than strikes."

The strike, which has cost an estimated Esc. 1.4bn (£12m) is expected to lead to a major rationalisation of Air Portugal's operations. Sr. Viana Baptista, the Transport Minister, told a news conference that the Government was not contemplating redundancies in the 10,000-strong labour force at this stage, but he said that several loss-making routes would be abandoned soon.

The Government, he added, has informed the United States and Britain of further delays in Air Portugal's negotiations with Lockheed on expanding the airline's fleet.

Air Portugal has been awaiting the Government's go-ahead for a $300m deal covering the purchase of three TriStar 500s and an option on two more. The aircraft are powered by Rolls-Royce engines and the loan is expected to be covered by Chase Manhattan of the U.S., Britain's National Westminster Bank, and special credits from the U.S. Export-Import Bank.

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CONCERN AT DELAYS OVER NATO'S NEW WEAPONS

Schmidt urges firm line on missiles

BY ROGER BOYES IN BONN

WEST GERMANY'S Chancellor, Herr Helmut Schmidt, yesterday urged the European Nato Allies, including Belgium and the Netherlands, to adhere to the alliance commitment to install a new generation of medium-range nuclear weapons in Western Europe.

His comments, expressed at a joint news conference with M. Pierre Werner, the Prime Minister of Luxembourg, arise from a fear that Belgium and the Netherlands may delay a move on the missiles, in the belief that the Soviet Union is ready to negotiate an agreement on controlling medium-range weapons.

This presents Herr Schmidt with two problems. In the first place, the Belgian bopes for Western talks with the Soviet Union stem partly from the Chancellor's visit to Moscow where the Kremlin signalled its readiness to negotiate. If this were to soften the resolve of the smaller NATO countries to deploy the new missiles, then Herr Schmidt would expose bimself to considerable criticism, not least from the U.S.

Herr Schmidt (left) and Mr. Werner: worried about reluctant allies

The second dilemma is that West Germany bas made clear consistently that it will not he the only country in continental Europe to station the missiles on its soil. If Belgium and the Netherlands fall out, this would leave only Italy and West Germany—a fact which would make life difficult for Herr Schmidt within his own party.

The Chancellor thus underlined the need for NATO solidarity on the issue. The negotiations with Moscow could only be successful, he said, if the West leaves no doubt about its resolve to carry out the first as well as the second half of NATO's decision to modernise its nuclear weapons.

The first half of the two-tier NATO decision, reached in December, was that 572 U.S. Cruise and Pershing II missiles would be installed in Europe. The second half provided for talks with the Soviet Union aimed at controlling the deployment of its SS-20 missiles.

Belgium, which is due to install 42 Cruise missiles, had originally asked for a six-month delay before beginning to implemeot the decision. The six months are now up and Belgium politicians are talking only of deciding before the end of 1981, although Mr. Charles-Ferdinand Nothomb, the Belgian Foreign Minister, is pressing for earlier action.

The Netherlands, too, may favour delaying its decision even longer.

Russia says NATO must suspend decision

MOSCOW—The Soviet Union said yesterday that it was maintaining its truggle to overturn the decision by NATO to deploy 572 new U.S. nuclear missiles in Western Europe. The Kremlin position was set out in an explanation, by the Communist party newspaper Pravda, of Moscow's proposols for talks on limiting nuclear arsenals in and around Europe.

These proposals, made to Herr Helmut Schmidt, the West German Chancellor, when he visited Moscow earlier this month, had been misunderstood by some people in the West, Pravda said. These unidentified people were saying that Moscow was ready to negotiate on the West's terms without prior suspension of the Western alliance's missile decision last December.

"Nothing can be further from the truth than such assertions," Pravda said. It accused the U.S. of trying to achieve military superiority in Europe and said there was a "principled defference," between the latest Soviet proposal and the present Western position.

It was a waste of effort to say that the Soviet Union bad accepted what Pravda called the West's aim of giving NATO and the U.S. unilateral advantages over Moscow in nuclear arms.

Until Herr Schmidt's visit, the Soviet Union bad said it would not talk on limiting nuclear missiles until NATO suspended its plan to deploy 572 Cruise and Pershing II missiles in Western Europe from 1983.

NATO leadera say the move was necessary to counter the Soviet SS-20 missile, five of which, they say, are heing installed every day. But Moscow commentators maintain that the Western move upsets the rough balance of forcea in the continent.

Yesterday's authoritative editorial repeated the Soviet position that the only way to negotiate the reduction of nnclear arms on the continent was to include Washington's so-called forward-based systems. These include nuclear-equipped aircraft in Europe and the Mediterranean, and submarines lying off Europe.

Pravda said that the Soviet Union insisted on discussing these systems with Washington because they included "hundreds and hundreds" of nuclear weapons which directly affected its security and that of its allies.

"It would be naive to helieve that the USSR would act differently when the U.S. seeks to deploy another 600 of its new medium-range missiles on the European continent in addition to the above-mentioned nuclear means," it said.

Turkish army seeks wider powers

By Metin Munir in Ankara

TURKEY'S National Security Council yesterday called for early legislation to increase the army's powers to deal with terrorism which is costing the country about eight lives a day.

But the appeal is likely to fall on deaf cars. All legislative activity in Parliament came to a balt more than three months ago because of the deadlock over the election of a new President.

The council is the only constitutional hody which enables military leaders and the Government to come together on a regular basis and so provides the Generals with a say in the conduct of the nation's affairs.

In a statement, released after the regular monthly meeting yesterday, it said: "All citizens and constitutional institutions must concentrate their effurts towards national security and togetherness."

The council added a plea for the rapid enactment of Bills before parliament to speed up the judicial process and to enhance the effectiveness of martial law administration and the security forces in their battle with anarchy, terror and secessionism.

The council named three Bills which hove been gathering dust in Parliament for months: the state of emergency and state security courts Bills and the Bill giving new powers to martial law administrators—under whom half the population of 45m lives.

Yesterday's meeting of the council lasted nearly six hours. It confirmed that General Kenan Evren, the chief of staff, believes in combating terrorism through legal and democratic means.

Dutch trim shipyard aid and will back success

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government has annouoced a fundamental change in the way it will support its ailiog shipbuildiog industry as well as large cuts in the amount of aid.

The Government will subsidise shipyards, including those which are making profits, to help them gain orders instead of providing aid only to loss-making yards as in the past. The change, announced by Mr. Gijs van Aardenne, the Economics Minister, is in line with the Centre-Right Government's policy of providing aid to sectors of industry rather than to individual "lame ducks."

Aid will be limited to about Fl 100m (£22m) this year with the sceme back-dated to January. State aid has totalled Fl 2.2bn over the past five years and the Government admits that much of the money has been spent to little effect.

The 1980 aid programme will be made available to medium-size yards, to marine dockyards and to the 20 or so smaller privately-owned yards in the North-east of the country. Specialised yards building dredging equipment will also receive aid in a slightly different form.

Individual yards may this year receive up to 10 per cent of the average value of eligible orders booked over the past three years, the Minister said in a letter to the shipbuilding commission which has supervised the unsuccessful restructuring of the industry.

Eligible orders are those placed for sea-going vessels up to 130 metres long and costing between Fl 5m and Fl 30m. Large vessels may also be taken into account hut each case will he considered on its merits.

One of the conditions which is likely to he applied, is that the yard must employ Dutch residents and must not hring in immigrant workers. Despite high overall levels of unemployment acute labour shortages exist in some areas and trades.

The Government has yet to take a decision on shipbuilding support policy after this year but its aim is to give the sector the chance to survive using a minimum of state funds, Mr van Aardenne said. Aid will only be made available to yards which have co-operated in reducing capacity.

The Dutch shipbuilding industry has been reduced to about 70 per cent of its 1975 capacity with many yards heing merged or closed.

French trade gap widens to £3bn during first six months of year

BY ROBERT MAUTHNER IN PARIS

FRANCE'S TRADE deficit for the first six months of this year reached nearly FFr 30bn (about £3bn), seasonally adjusted, the worst half-yearly result for several years.

The June shortfall of FFr 5.8bn, however, was a marked improvement on the previous month's record deficit of FFr 7.2bn. The May figures were inflated by the large number of public holidays and several days of strikes in that month, which led companies to postpone some of their exports until the following month.

The sharp year-on-year deterioratioo in the French trade balance—a reflection of the country's heavy dependence on increasingly expensive imported oil—is clearly demonstrated by the comparative export-import cover figures. Seasonally adjusted, the cover rate was only 87.5 per cent in June this year, compared with 96.8 per cent 12 months earlier and nearly 100 per cent in June, 1978.

The cumulative trade deficit for the first six months is as much as the shortfall for the whole of 1980 forecast by the Organisation for Economic Co-operation and Development in its Economic Outlook, published last week.

But the Organisation also predicted that France would make up some of the ground, thanks to a growing surplus on invisibles. The current account deficit for 1980, therefore, is likely to he much smaller than the trade shortfall and is not expected to exceed £1.5bn.

Reuter adds: French adjusted unemployment fell to 1,459,800 in June from 1,472,500 in May, the Labour Ministry said yesterday.

Grim economic outlook for West

BY ROGER BOYES IN BONN

MANY WESTERN countries, including the U.S. and Britain, face a recession as deep as that of 1974-75 but inflation is likely to ease in the second half of this year, according to the Kiel Institute for World Economics.

True to its reputation as the gloomiest of West German forecasting organisations, the Institute says in its half-yearly forecast that the conomic situation has deteriorated since the first quarter, which was buoyed up by stockpiling tendencies. World output is now likely to sink relentlessly and will bottom out in late 1981. Real gross national product of the Western industrial countries could be some 4 per cent lower in 1981 than this year.

Thanks to the favourable first quarter, it says, real GNP in 1980 on average will he as high as in 1979. But the expected downturn in the second half of 1980 will result in "substantial negative carry-over for 1981."

World trade is forecast to rise by only 2 per cent this year and a decrease seems probable next.

The Institute warns that restrictive policies to combat inflation will hamper growth, especially in the U.S., Britain and Italy and will ensure that the recession hites hardest in these countries.

The Institute believes these restrictive policies will not he changed in the near future and that inflation will slacken in the next six months. Bot even if the West, faced with a drastic increase in unemployment, decides to relax money policies early next year, production will not recover before late 1981.

The outlook for Japan, West Germany and France is, in the opinion of the Institute, slightly less pessimistic. "Higher adjustment flexibility to increased energy prices and relatively moderate wage settlements will favour investment and thus growth prospects," says the report.

However, even the outlook for West Germany appears bleak from Kiel. Real GNP will grow by only 1.5 per cent this year, as opposed to the 2.5 per cent forecast by the Government, and growth will be even slower in 1981, it says. West German unemployment it expects to rise to about 1.25m by the end of 1981 from the current level of under 900,000.

Strike at Polish factory ends

MANAGEMENT AT the Stella hosiery works in Zyrardow, west of Warsaw, which bas been on strike for the past four days, bave succeeded in getting their mainly female workforce back to work with a promise of a 4 per cent wage rise, writes Christopher Bobinski in Warsaw. This hreaks the pattern of agreements for 10 per cent or more in larger plants which have resumed work after stoppages.

'Ortoli facility' accord

BY JOHN WYLES IN BRUSSELS

FINANCE MINISTERS of the EEC countries yesterday reached a compromise which will enahle new Community loans tu be committed under the so-called new Community Instrument or "Ortoli facility."

Started in 1978 with an initial tranche of £305m (500m units of account), the facility makes loans available at market rates to member states for infrastructural and energy projects.

The Nine have been deadlocked for some time as to whether to widen the scope of the facility to include loans for advance factory building and housing infrastructure, with the adoption of a second 500m UA tranche.

Under yesterday's compromise some 400m ua will be committed immediately for the loan facility, and, on the insistence of Italy, discussion will be resumed in October on whether to commit some of the balance of 100m ua for advance factory building and related housing development.

Japan's new leader can heal party wounds

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MR. ZENKO SUZUKI, who was yesterday appointed leader of Japao's ruling Liberal Democratic Party (LDP), haa never been known for driving ambition.

When he becomes Prime Minister tomorrow, he will have been chosen as a man who can heal some of the wounds inflicted during more than a year of LDP faction fighting, than as a man with clearly defined and well known policies addressed to Japan's economic and political future.

In fact Mr. Suzuki is an "unknown" in regard to his thinking on mejor economic aod foreign policy issues, including the all-important domestic issue of whether Japan should undertake a major tax reform to restore fiscal stability.

What is "known" is that he has the patience and persistence to reach a coosensus on issues that more dynamic politicians might find unmanageable.

Noted for his slow but effective game of golf, Suzuki apparently likes to wear down his opponents rather than to overwhelm them by a show of strength.

His nickname is Hotoke no Zenko (Zenko the Boddha), a tribute to the fact that nothing —so far—appears to have upset his unshakable self-possession.

At 69, Mr. Suzuki, is an ex-minister of Agriculture.

Ambition has not eppeared tn he one of his main characteristics until recently, although a thorough understanding of the workings of the LDP "power machine" may well have assisted him in side-tracking the campaigns of more experienced candidates for party leadership.

Suzuki emerged as a leadership candidate after Prime Minister Ohira's death because he was the natural successor as leader of tha Ohira faction and hecause he was not violently disliked by anti-mainstream elements of the LDP, as another prominent leadership candidate, Mr. Yasuhiro Nakasone appears to have been.

His premiership will reunite the LDP in the sense that the deep divide hetweeo the Ohira and Taneka "mainstream" group and the "anti-mainstream" group headed by ex-Prime Minister Fukuda should cease to exiat—or at least become far less significant than in the past.

It may also feature an attempt to get awey from faction-dominated politics if Mr. Suzuki Is as good as his word in appointing cabinet ministers "on merit," rather than in order of their factional seniority.

Japan's Prime Miuister-elect, Mr. Zenko Suzuki, said yesterday that he woold give Cabinet posts to his principal party rivals, Mr. Yasuhiro Nakasone and Mr. Toshio Komoto. He added that Cabinet posts wonld he allotted on merit and not tn reflect factional superlority. The new leader of the Liberal Democratic Party gave these undertakings in his speech of acceptance. Later Mr. Suzuki visited the headquarters of nppnsltion parties to "seek their co-operation in the condnct of Government."

Like Mr. Ohira, Snzuki is a local hoy who made good. Whereas Mr. Ohiro came from farming stock in south-western Japan. Suzuki hails from a north-eastern fishiog village.

His father, a moderately well-to-do fisherman who bired out boats to less prosperous neighbours, went bankrupt shortly after his eldest son's birth but Mr. Suzuki was able to attend a local high school and then a fishery training college in Tokyo.

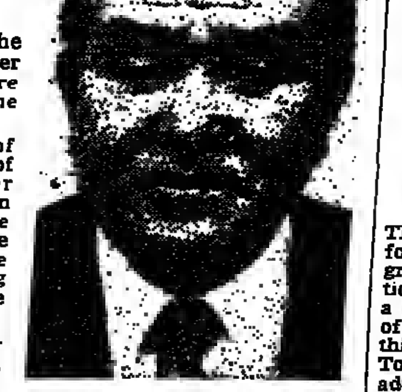
While he was at college, a typhoon and tidal wave devastated his home town and Mr. Suzuki took up politics as a meaos of getting central government assistance for recoostruction.

Suzuki entered the National Diet (parliament) in 1947 on a Socialist Party ticket hut switched, with the full approval of his coostituents, to the Liberal Party two years later on the grounds that it was more likely to provide funds for the fishing industry.

He attracted the attention of party leaders and specifically of Mr. Hayato Ikeda, who was later to hecome Prime Minister, when he campaigned vigorously in the mid-1950s against a compromise settlement of the Japaneee northern island's long-running territorial dispute with the Soviet Union.

Mr. Suzuki got his first ministerial joh under Mr. Ikeda in 1960 aod held a second portfolio uoder Mr. Ikeda's successor, Mr. Eisaku Sato. These were comparatively minor posts and did less to mould his career than a long series of party executive johs which helped to make him an expert on the workings of the LDP.

Mr. Suzuki served nine terms as chairman of the LDP Executive Council, but failed to make it to the top party joh of Party Secretary General when an attempt hy Prime Minister Ohira to give him the job was "vetoed" in 1978 by anti-mainstream factions. Before this serback Mr. Suzuki had distinguished himself as Agriculture Mioister hy the grim determination with which he sat out 40 days of negotiations in Moscow on a Japan-Soviet fishery agreement.



Mr. Suzuki: a slow but effective game

Growing threat of spy trials for U.S. hostages

BY SIMON HENDERSON

THE PROSPECT of apy trials for the U.S. hostages in Iran grew yesterday with tha publication in a Tahran newspeper of a purported interview with one of the captive diplomats. In this a hostage identified as Mr. Tom Ahern was quoted as admitting that he was an employee of the Central Intelligence Agency.

The interview, published in Azadagan, quoted Ahern as saying that he had four Iranian contacts. Among them were Mr. Amir Entezam, a former deputy Prime Minister in the immediate post-revolutionary era who is now under arrest, and Khosrow Qashqai, a trihal leader, since elected to the new Parliament but harred from taking his seat.

If the interview is genuine, Mr. Ahern would be the most senior of the hostages to have "confessed" to the students. Officially an attaché of the U.S. Drug Enforcement Agency, he was identified in one of the captured emhassy documents published by the students as a CIA officer, perhaps even the station chief.

The militant students at the embassy have frequently demanded that the hostages should he put on trial for spying, hut previous "confessions" and condemnatioos of U.S. policy have only heen attributed to junior grades of U.S. official.

The Ahern interview might be a ploy by the students to force their Government to aet trials in motion. It might also be used against political opponents of the students.

Mr. Ahern is said to have implicated Admiral Ahmad Madani, a post-revolutionary head of the Iranian navy, hy saying that he was hoping to publish a newspaper with Khosrow Qashqai.

U.S. officials have recognised fnr some time that triala may take place. Such trials would further damage relations between Washington and Tehran, particularly if U.S. diplomats are imprisoned or executed.

Diplomats suspect that Mr. Ahern is among seven or ao hostages who have been held in solitary confinement for the past eight montha on suspicion of spying.

Renter reports from Wiesbaden: Mr. Richard Queen, the U.S. emhassy hostage released from Iran last week, is suffering from multiple sclerosis. Doctors attending Mr. Queen at the U.S. military hospital here said that Mr. Quesn, aged 28, developed symptoms of the disease last December. They declined to link his ailment directly to his eight months' captivity but said it was well known that stress was a key factor in its development.

Violence halts Sasol construction

BY BERNARD SIMON IN JOHANNESBURG

WORK ON the construction nf Sasol Threc, South Africa's third nil-from-coal plant, came to a stop yesterday after two days nf violence among workers at the site. One white worker was stoned to death nn Monday night.

A Sasol official said yesterday that all construction staff bad been ordered to leave the site, abont 120 miles east of Johannesburg. They would be addressed hy supervisors who would try to persuade them to return to work today. The situation was described as "under control," and the Sasol Twn plant near hy, which started prodnction earlier this year, has not been affected.

Thn violence of the past two days is the second ontbreak of unrest among Sasol workers in eight months. A misunderstanding abont Christmas leave provoked a riot last December which resulted in damage to property.

According to one subcontractor, tension at Sasol Three has been high for some time. Workers have had to meet tight deadlines for the completion of the £1.8hn synthetic fuel plant which is dne to come on stream in 1984. A 54-hour working week is standard.

The immediate cause of the present unrest was the death nf a black worker on Sunday and rumours that he had been shot hy a soldier. The allegation has heen denied hy the management.

A large number of troops have been stationed at the site to improve security since saboteurs destroyed several storage tanks last month.

Afghan issue heads Delhi agenda

BY K. K. SHARMA IN NEW DELHI

PAKISTAN BELIEVES that the situation arising out of the Russian invasion of Afghanistan can only be resolved through political means, Mr. Agha Shahi, Pakistan's Foreign Minister, said yesterday, when he began two days of talks with Mr. P. V. Narasimha Rao, his Indian counterpart. Mr. Shahi aaid a great power confrontation in south Asia must be avoided.

Giving his Government's assessment of the situation in Afghanistan in response to questions from the Indians, Mr. Shahi pointed to the increase in rebel activity against the Kabul regime.

In a separate meeting with Mr. Shabi, Mrs. Indira Gaodhi, the Indian Prime Minister, repeated her view that Afghan developmeots could not he viewed in isolation from developmeots in the Gulf and the Indian Ocean regions.

Mr. Sbahi's visit to Delhi is the first by a Pakistani Foreign Minister since the change of Government in India and is intended to improve bilateral relations. It is already apparent that the main stumbling block continues to be the Kashmir issue and that this is unlikely to he resolved quickly.

Mrs. Gandi pointed out that the Simla agreemeot between the two countries in 1972 provided for a peaceful and bilateral settlement of the Kashmir question. Her comment was obviously made in the context of Pakistao's efforts to raise the subject at international conferences, particularly at the recent Islamic conference in Islamabad.

Mr. Shai is believed to have raised the question of the arms build-up hy India when he mst Mrs. Gandi and was told that India's defence expenditure was less than Pakistan's in relation to gross national products. Tha talks continue today and tha focus will continue to he Afghanistan.

Seoul dismisses 4,760 in drive for 'purification'

SEOUL—South Korea's military-backed Government yesterday announced the most numerous dismissals in the Civil Service in the country's history.

Mr. Kim Yong-Hyu, Administration Minister, said 4,760 officials from various Ministries and departments had heen sacked for corruption and inefficiency as part of an official "purification" drive.

A special committee for national security measures said last week that 232 senior public officials from the executive, judiciary and legislative branches had heen dismissed on suspicion of corruption, and other irregularities. They included Mr. Chang Chea-Suk, Minister for Commerce and Industry, and six deputy Ministers.

The military-dominated committee said the purification drive was necessary to safeguard the state, to protect the right to survival of the people and to ensure social stability.

The 25 members of the committee, which was set up shortly after an armed uprising in the southern city of Kwangju in May, include the President, several Cabinet Ministers and the head of the army, Lieutenant-General Chun Doo-Hwan.

Mr. Kim said the Interior Ministry was losing the largest number of officials in the latest drive. Nearly 3,000, including more than 1,300 police officers, were being sacked.

Reuter

Shock for Jakarta's uncrowned king

By Richard Cowper in Jakarta

NO ONE is suggesting that President Suharto, the army general who has ruled Indonesia like a Javanese king for nearly 15 years, is about to lose his throne. But the founder of the "Naw Order" has heen hadly stung in the past two montha by the most serious political challeoge to his position since he ousted President Sukarno.

The ganntlet was fiung down on May 13 in a petition to Parliament which, for all its careful phrasing, opeoly accused the President of having divided the nation and having invited the Indonesian armed forces to choose sides in the run-up to the 1982 general election.

Among the 50 signatories were some of Indonesia's most respacted elder statesmen including three former Prima Ministera and nine ratired generals. Nor was the list confined to ooe political or ideological grouping hut included leading Muslims, old nationalists and students "in an unprecedentad joining of forces," as one political expert put it.

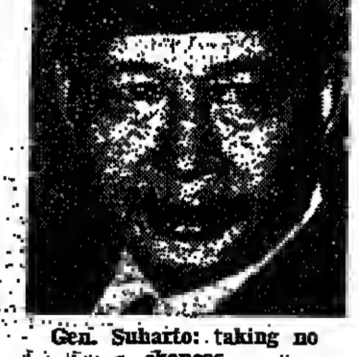
The petition followed closely on two speeches by the President in which he saemed to suggest that he had made up his mind to stand for a third time in the presidential elections of 1983. The petition was calculated to start a national debate on the succession.

If that was not enough, one of the signatories, Lieut. Gen. Jasin, a formar military commander of East Java, and once deputy chief of the army, submitted to Parliament on the same day a aeven-page document accusing the President of hypocrisy and specific acts of corruption.

Tough reaction

The Government's reaction has heen tough. Nobody has yet been arrested hut the country'a security chiefs have imposed a news hlack-out on all 50 of the signatories. Gen. Yasin has been called in for questioning although it is not clear whether the Government will risk putting him on trial.

Political analysts helieve the Government's reaction indicates a real fear that unless quickly stamped out opposition to the President may get out of hand as the date for the general election in 1982 gets closer.



Gen. Suharto: taking no chances

Indonesia, a leading memher of the Association of South East Asian Nations (ASEAN) and the world's 10th largest exporter of crnde oil, has seen considerable political and economic stability, under President Suharto.

But the petition reflects a broad range of discontent. Many Indonesians doubt whether the New Order is capable of bringing a more eqnitable distribution of wealth to the country's 140m inhabitants while the middle class is increasingly critical of what they believe to ba a vast accumulation of wealth by the Presidant's family. Equally, there is disillusionment with the New Order's reliance on Western aid and investment.

Common strand

But the only common strand in this diversity is the belief that the President has run out of steam and the country needs a new sense of direction.

With Parliament largely a rubber stamp, and oppositinn groups like the Muslima and the students as weak and divided as ever, any real threat to Gen. Suharto's position must have the backing of significant elements from within the army.

Though they hold no current positions of power, the generals of the petition: among them Gen. Nasution, an officer with influence in the past, have an ability to influence others in the armed forcea by virtue of the positions they once held.

There is little evidence that President Suharto has lost the support of any of the five or six key generals who wield effective power heside him. Nevertheless, the Government is taking no chances.

Those who aigned the petition are under 24-hour surveillance and those among them who owe all or part of their living to Government funds or one kind or another will find them cut off. This is a harsh aentence in a country which rewards those whn have served it not only with sizeable pensions but with export licences and government contracts.

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U.S. deficit 'set to rise to $60bn' this year

BY DAVID BUCHAN IN WASHINGTON

THE Carter Administration yesterday began preparing the U.S. public for a much higher Federal budget deficit this year than expected, with an unnamed "top official" telling several newspapers that the deficit would be "in the neighbourhood of $60bn, perhaps a little higher."

This attempt to soften the blow, ahead of next Monday's official mid-year economic forecast, goes further than a recent prediction by Mr. G. William Miller, the Treasury Secretary, that the deficit would be "substantially" higher than $37bn.

It also makes Mr. Jimmy Carter's political rhetoric about steadily reducing U.S. Government deficits from the $66bn shortfall in the last year of the Ford Administration look a mite foolish.

Many of the causes of the swelling 1979-80 deficit have been out of Mr. Carter's real control. The onset of recession, shrinking tax revenue and boosting dole payments, Congress's defeat of his oil tax and dividend tax plans, extra federal aid to cope with the Mount St. Helen's explosion, and the influx of Cuban refugees, as well as unexpectedly fast growing spending by the Defence Department.

Many of the same factors now make Mr. Carter's plan for a 1980-81 budget surplus as dead as his Administration's earlier prediction of only a $36bn deficit in the year ending September 30. The new administration guess is that 1980-81 will see a deficit of $25-30bn, and this would rise further if taxes are cut next year. President Carter has decided against including a 1981 tax cut plan in the mid-year budget review unveiled next week, the official said.

Giving a "sneak preview" of the mid-year economic projections, the Administration official said unemployment, which was 7.7 per cent last month, was expected to rise to 8.5 per cent in the last three months of 1980. It could then hit 9 per cent some time next year, before dropping back to 8.5 per cent in the 1981 fourth quarter.

Saying the figures could change in last-minute preparation, the official also said that the decline in the country's Gross National Product was likely to be 3 to 3.5 per cent in real terms, measured from the last quarter of 1979 to the fourth quarter of 1980. The hope is for a 2.5 to 3 per cent rise in growth in the following 12 months.

Only the prediction for inflation in the mid-year review is not greatly changed from the last review in March, which then forecast a rate of consumer price rises of 12.8 per cent this year and 9 per cent next year. The latest projection is for 12 per cent inflation, from the 1979 fourth quarter to the last 1980 quarter, and 9 to 10 per cent in the following year.

Peru may get $1bn aid

BY DOREEN GILLESPIE IN LIMA

THE WORLD Bank is prepared to consider providing project aid worth $1bn (£420m) to Peru over the next five years if the country's economy improves.

Sr. Fernando Belaunde, the President-elect, said the aid would help finance the road and electricity schemes which are high on his priority list. In Washington the World Bank indicated that any lending would be on normal commercial terms.

Sr. Belaunde is to be sworn in as President on July 28 when he will outline his economic policies. He said there were many indications that there would be "a lot more" aid for the new Government.

Peru's first civilian Government in 12 years took the first step toward power at the weekend when 57 senators and 129 representatives began to be sworn in to Congress but, in spite of what looks like a smooth transfer of power, labour problems have emerged already with strikes at banks, hospitals and within the civil service.

14 killed in escalating Jamaica violence

By Canute James in Kingston

FOURTEEN PEOPLE were killed by gunmen over the weekend including seven active members of the ruling People's National Party (PNP), as the death toll in Kingston mounted to just under 400 this year.

Four women and three men were killed in the early hours of Sunday by gunmen who burst into their home.

The poorer sections of Kingston have a history of party political violence, and the number of deaths have increased since February when Mr. Michael Manley, the Prime Minister, announced that a general election would be held before the end of the year.

Although the PNP identified the seven killed on Sunday as active members, many of the murders are the result of warfare between gangs which seem to have access to sophisticated weapons.

Few of the deaths have been associated with crimes such as robbery. Earlier this year, armed gangs seeking patronage from the leading political parties stormed constituency strongholds of their opponents, to try to force voters to move out before a new voters' roll was compiled. This, however, is almost complete, and the police say that the gangs have now turned on each other.

The origin of the gang's modern weapons is causing serious concern. In the past there have been accusations—generally accepted but so far unproved—that the gangs were armed years ago by politicians of both major parties.

The Government, which in 1976 imposed a state of emergency and detained over 200 persons it said were connected with violence, has said it will not impose another emergency. The Opposition Jamaica Labour Party (JLP) has threatened that it will "shut the country down" if an emergency is imposed.

Many of those detained in 1976 were Labour members. Their party says the PNP gained an unfair advantage in the elections that year. Mr. Manley said on Sunday that he had invited the JLP to join forces with the Government to halt the violence.

REPUBLICAN NATIONAL CONVENTION

DETROIT

Conservatives lobby against Bush

BY JUREK MARTIN AND REGINALD DALE IN DETROIT

HARDLINE Republican conservatives are threatening to stage a protest if Mr. Ronald Reagan picks Mr. George Bush to be his Vice Presidential running mate. Informal straw polls of some convention delegations have shown considerable support for Congressman Jack Kemp from New York, who is on Mr. Reagan's short list.

Senator Jesse Helms from North Carolina, who is not an apparent leading contender, has already persuaded his state delegation to place his own name in nomination for the Vice-Preidency tomorrow night if Mr. Reagan selects Mr. Bush earlier that day.

Mr. Reagan himself has dropped no public clues as to his preference. But while taking advice yesterday afternoon he met former President Gerald Ford, who is pushing for Mr. Bush or Senator Howard Baker or even his old White House Chief of Staff and Defence Secretary, Mr. Donald Rumsfeld.

The delegates attending this convention appear much more conservative than either the Republican Party as a whole, or the nation. Their appetite has clearly been whetted by their success in forging the party's platform and, though they have no desire to embarrass Mr. Reagan at the moment of his triumph, they are exerting every effort to ensure that he picks a running mate to their ideological liking.

Their objection to Mr. Bush, who in reality is all but as conservative as Mr. Reagan, is partly based on his support for the Equal Rights Amendment for women. But it also reflects a lack of confidence in his mettle, reservations which Mr. Reagan is said to share following their fateful confrontation over the aborted debate in New Hampshire last February.

One of the other contenders who has been lobbying hard for the No. 2 slot on the ticket is Senator Richard Lugar from Indiana, who appeared to damage his prospects yesterday when his speech to the convention, a blistering attack on President Carter's record, was poorly delivered and indifferently received.

However, Mr. Rumsfeld's star may have risen a bit as a result of the success of his address, principally on defence and foreign policy, on Monday night. He accused Mr. Carter of being "perhaps the most naive President in modern times," and said he had eliminated "the margin for error" the U.S. needed in order to conduct effective international policy.

Mr. Rumsfeld's denunciation of the President was even sharper than that delivered later by Mr. Ford, to whom the convention granted centre stage on his 67th birthday.

Mr. Ford said that Mr. Carter had "given up on the Presidency." He went on: "Well, I know something about the job. I've been there. To give up on the Presidency is to give up on America. If Jimmy Carter doesn't feel he is up to the job, he shouldn't be in it."

Intriguingly, in his 35-minute speech, the former President managed to refer to Mr. Reagan only twice, and then indirectly. Nevertheless, he made it clear he would support and work for the nominee in the general election. The orchestrated assault on Mr. Carter represents good, traditional tactics. The red meat thus provided helps disguise the fact that, otherwise, the Republicans gathered here have very little left to debate

Anderson echoes Bonn attitude

BY ROGER BOYES IN BONN

MR. JOHN ANDERSON, the independent U.S. Presidential candidate, yesterday concluded two days of talks with the West German leadership by calling on the U.S. Administration to play a stronger role in a "renewed" Western alliance.

Mr. Anderson appears to have found much common ground with his West German hosts, although he has been careful to cloak specific criticism of the U.S. Administration by Herr Helmut Schmidt, the West German Chancellor.

He said in a speech that President Jimmy Carter's foreign policy was "less than predictable," a criticism which the European allies have frequently made behind closed doors since the Soviet invasion of Afghanistan.

Since the invasion, "I have felt that U.S. foreign policy is *unilateral* and that the U.S. is not adequately consulting its allies," Mr. Anderson said in his Bonn speech, which followed talks with Herr Schmidt and Herr Hans Dietrich Genscher, the Foreign Minister.

An Anderson Administration would promise NATO and the federal republic of Germany to try by discussion and closer consultation to avoid the abrasions that have been unnecessarily caused by such unilateral policies in the past, he said.

German officials had been worried that Mr. Anderson might try to make political capital during his visit at the expense of the rather battered relations between the U.S. and Bonn. But Mr. Anderson specifically avoided mentioning the substance of his talks with the Chancellor, saying only that they had been "very frank"

There seems little doubt however that the Bonn Government would not radically dissent from the views uttered yesterday by Mr. Anderson about the need for a stronger U.S. leadership role. Mr. Anderson traced the ebbing power of the U.S. to its economic and energy policies: "We haven't taken drastic enough measures to reduce our dependence on foreign energy."

John Paul II answers call from Brazilian church

Pope makes political impact

BY DIANA SMITH IN BRASILIA

THE MOST important result of Pope John Paul's 12-day visit to Brazil, the largest Roman Catholic country in the world, may be that he has provided the millions of underprivileged with leadership.

In a country where over half the 120m population lives on about $700 a year, while the 30,000 richest citizens shared $10bn in untaxed income last year, the Pope's statement that the church had a role in the drive for social reforms had an immediate political impact.

Nowhere was the message received more eagerly than in the north-east, Brazil's most deprived region, where the Pope saw the festering conditions which have made the area's clergy turn to Left-wing "theologies of liberation."

In his marathon tour that ended last weekend, covering 13 cities and 12,000 kilometres, Pope John Paul was careful to remind the church that its main task was to minister to spiritual needs. But his forthright criticisms of inequality made his 42 speeches a blend of spiritual and temporal homilies.

The military-technocratic elite and middle classes, who benefited greatly from Brazil's boom in the early 1970s, make occasional reference to the unequal distribution of income and to poverty contrasting with unbridled consumerism, but show little real concern for their implications.

The Pope's calls on leaders to commit themselves to the common good, on the wealthy to abjure materialism and to landowners to share their possessions with those in need, made before millions of landless, malnourished northeasterners, brought an electrifying response. No one could accuse the Pope of Leftist leanings, as are many of Brazil's priests and bishops.

The Brazilian church has been forced into a social role to fill the void left by an administration obsessed with red tape, grandiose projects and manoeuvring among power cliques. In the poorest areas, priests have become glorified clerks, finding little time to say Mass while they help the illiterate and bewildered to fill out the voluminous official forms

It was in this framework that the Pope responded to the plea of Brazil's bishops and clergy for moral support. Few people could fail to notice that Brazilians yearn for a figure they can admire without political or personal reservation, and their clergy will hope that the Pope's visit has provided them with one.

Whether that upsurge of spontaneous affection will have lasting effects remains to be seen. Brazil's problems are so ancient and deeply-rooted that only the naive could believe that 12 days of exposure to the Pontiff will work administrative miracles.

But the underprivileged Brazilians to whom the Pope was a cross between spiritual leader, temporal monarch and personal friend seem to have discovered their dignity and a sense of their rights, thanks to the Pope's assertion of these rights on their behalf. The question is whether the authorities will respond in time

The Pope blesses children at a leper colony

Indonesia negotiates chemical project

By Richard Cowper in Jakarta

THE INDONESIAN Government is negotiating with Exxon Chemical, France's CDF Chimie and Philips Chemical to build a giant olefins petrochemical complex at Arun in North Sumatra. Two other companies, Union Carbide and Dow Chemical which were early contenders for the project, estimated to cost around $1.6bn (£673m), now appear to have dropped out.

According to Mr Hartato, director general for chemicals financing for the complex, which will supply intermediate raw materials for the domestic plastics industry, will be split between the foreign partner, the Indonesian Government and local private companies. The project, like the $850m hydrocracker plant at Dumai, also in Sumatra, will receive no government financial guarantees.

Exxon is preparing a preliminary feasibility study which it plans to present to the Government later this year while CDF, leading a French Government backed consortium comprising several banks, has completed most of its initial work. Philips, though so far not a main contender, has also opened negotiations with the Government.

The Indonesian Government in conjuction with local companies will put up 30 per cent of the equity

S. Africa relaxes import controls

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA has relaxed and rationalised its import controls in terms of a notice published in the latest Government gazette. Although the new regulations formally came into force last Friday, the Department of Commerce started phasing them in earlier this year.

The authorities have for some time wanted to streamline the import control system. With the high gold price pushing the current account of the balance of payments to record levels, the country can easily afford a relaxation of import restrictions.

The most important change is the abolition of quotas for consumer goods imports, which were previously determined three times a year by the Minister of Economic Affairs. Most of the goods formerly subject to quotas now fall in the category entitling importers to permits for their "full reasonable requirements."

To tighten control on the use of permits, the authorities *will no longer issue "general merchandise"* permits, allowing importers to bring in any type of consumer goods. A permit will in future be issued for only one of 30 specific product categories, and will not be interchangeable. Mr. Wilf Wilker, the Director of Imports, said yesterday that the previous system "gave rather too much latitude to the speculative importer."

Forty-six items have been added to the list of products exempt from all forms of *import control. These include* chemicals such as ethylene glycol and chlordane, epoxide resins, cups and saucers, certain recording equipment and molybdenum products.

Several items have been removed from the most restrictive category which requires specific permits for each shipment. These include confectionery, coffee, polyester fibres, ladies' handbags and coniferous wood. Permits for these imports are now granted for full reasonable requirements.

UK group sells carpet machines to China

BY RHYS DAVID

COBBLE BLACKBURN, one of the participants on a recent British Textile Machinery Association delegation to China, has won an order estimated at around £100,000 for carpet-tufting machinery.

The order is for four machines capable of producing a wide variety of carpets, as well as blankets and other tufted products, and which are likely to be used by the Chinese for evaluation purposes.

China as yet has no mass-production carpet industry, and its ambitions in this area are still unknown. Apart from export possibilities, the Chinese may, however, want to develop an industry able to supply official buildings, and in particular the hotels, now being developed to handle with increased tourism.

Britain's other big tufted carpet machinery manufacturer, Pickering Blackburn, has won two orders, each worth around £500,000 to supply installations to Morocco and Tunisia.

The Moroccan order is for equipment to produce cut pile and loop pile carpets and patterned carpets and rugs. The plant, the first in Morocco, occupies a 900-square metre site in Tangiers and will be on stream later this year.

Rapid increase in British exports to India

BY DAVID HOUSEGO

BRITAIN'S SHARE of new foreign investment in India has been falling but British exports have expanded more rapidly than those of its competitors.

This contrasting view of Britain's trade with India emerged yesterday at a meeting with Indian industrialists held in London under the auspices of the British and South Asian Trade Association.

Mr. K. N. Modi, chairman of Modi Enterprises and president of the Federation of Indian Chambers of Commerce and Industry (FICCI), said that Britain's share of new foreign investment and technical collaboration agreements with Indian companies had slipped to 25-30 per cent compared with 55-60 per cent in the past.

By contrast it was said that British exports to India had expanded by 135 per cent over the last five years compared with 125 per cent for West Germany, 105 per cent for the U.S. and 50 per cent for Japan.

Indian and British businessmen attribute this to the fact that British companies still expect the same high rates of return as they used to obtain before and after the Second World War: the reluctance of British companies to comply with Indian government regulations to diminish their equity stake: and British reluctance to part with its most advanced technological know-how.

Japan may lose shipbuilding lead

By William Hall, Shipping Correspondent

THERE ARE signs that Japan's competitive position in the world shipbuilding industry is being eroded. The amount of tonnage ordered by foreign shipowners from Japanese shipyards fell last month to its lowest level this year.

Foreign shipbuilding orders received by Japanese shipyards in June fell to 21 vessels totalling 377,000 grt from 23 ships (465 grt) in May, according to the Japan Ship Exporters Association.

Foreign orders won by Japanese shipyards over the past couple of months have been running at less than half the level of early spring (nearly 1m grt a month). The downturn in demand partly reflects the weaker tone in freight markets but is primarily a result of the strengthening of the yen.

Since the spring the yen has strengthened against the U.S. dollar to its current level of just under Y220 which has coincided with a drop in the level of export orders won by Japanese shipyards. Last month foreign orders amounted to Y83bn and consisted of seven freighters (86,000 grt), 12 bulk carriers (254,000 grt) and two tankers (37,000 grt). At the end of last month Japanese shipyards' orders on hand amounted to 344 ships totalling 9.06m grt, worth Y1.55 trillion (million, million).

Nippon considers steel tie-up with Armco of U.S.

TOKYO—Mr. Eishiro Saito, the president of Nippon Steel, Japan's largest steel producer, said yesterday that his company is negotiating with Armco of the U.S. on a broad-range tie-up that may include capital participation in the third largest U.S. steel maker.

Mr. Saito indicated that negotiations are in progress and that the two companies may be able to move closer to working out most details this fall.

He did not spell out what is at stake, but negotiations are believed to involve the possibility of Nippon Steel's capital participation in Armco and extension of its technological know-how to help Armco modernise its various U.S. facilities.

The latest development raised the hope that the strained commercial relations between the two countries may be eased. Last week, Toyota said it was negotiating possible joint production of small passenger cars in the U.S. with Ford. There have been moves in the U.S. to curb imports of automobiles and steel products from Japan.

● Toyota said its vehicle exports in June fell a slight 2.2 per cent to 159,500 from 163,100 in May but rose 34.9 per cent from 118,200 a year earlier. Nissan reported a 2.3 per cent decline in June exports to 128,000 from 131,000 in May, but up 33.9 per cent from 95,600 a year ago.

Toyota's June total comprised 103,100 cars, 53,300 trucks and 3,100 buses, while Nissan's exports were broken down into 89,900 cars, 36,800 trucks and 1,300 buses.

Toyota exported 62,700 to the U.S., the largest export market, up 14.9 per cent from a year ago while Nissan's export shipments to the U.S. rose 35.6 per cent to 57,500 from a year ago.

The two company's exports to the Middle East continued active with Toyota selling 14,600 to Saudi Arabia, up 24.9 per cent over a year ago, and 7,900 to Iraq, up a large 408.6 per cent, while Nissan shipped 8,621 to Saudi Arabia, up 846 per cent.

Toyota's June exports to Britain rose 39.3 per cent to 3,800 from a year ago, while Nissan shipments to Britain were up 9.2 per cent to 13,100.

Toyota shipped 5,100 to West Germany, up 183.3 per cent, while Nissan's exports to West Germany were up 8.2 per cent to 3,800.

Agencies

Appledore in joint Korea shipyard deal

BY WILLIAM HALL

A. & P. APPLEDORE, the UK shipbuilding consultants, is linking up with Det Norske Veritas (DNV), the Norwegian ship classification society, to provide technical assistance to a new shipyard in Korea.

Appledore was responsible for the design of the Hyundai shipyard at Ulsan and the new complex, at Okpo Bay, Koje Island, will contain the widest and most versatile building dock in the world.

The yard has already taken orders for six 22,500 dwt chemical carriers for Norwegian owners and will eventually have an annual capacity of 1.2m grt and an annual steel throughput of 300,000 tons.

Appledore and DNV have signed a contract with Daewoo Shipbuilding and Heavy Machinery, part of one of Korea's biggest industrial conglomerates, to supply the systems, production technology and management software for the shipyard. The contract also involves the supply of expatriate personnel and training for the Korean workforce.

The Okpo yard will be one of the biggest in the world. The building dock will be 535m long and 131m wide and will have a crane capable of lifting 900 tons with a 206m span.

● ROYAL NEDLLOYD, the Dutch shipping group, has ordered a Fl 150m (£33m) jack up rig from the Japanese yard of Hitachi in Osaka for delivery in late 1981, Charles Batchelor writes from Amsterdam.

New chairman appointed by Carrington Viyella

BY RHYS DAVID, TEXTILES CORRESPONDENT

CARRINGTON VIYELLA, the textiles manufacturer, yesterday appointed Mr. Derek Hornby, a former divisional director of Spillers, the food concern, as its new chairman in a move that could signal the start of a major restructuring of the group.

Mr. Hornby will take over next Monday from Mr. Leonard Regan, who is becoming president of the company eight months before he is doe to retire next April.

The changes follow CV's appointment in February of the Boston Consulting Gronp to undertake a fundamental review of its activities. This is thought to be near completion and may question CV's continued strong involvement in a number of basic textile products heavily penetrated by imports.

Mr. Hornby, who has had discussions with Boston and with ICI, which holds 49 per cent of CV's shares, indicated yesterday that his priorities would be to increase efficiency within the group and to develop its strong brand names.

"We will bave to look hard at areas where imports are so inexpensive that we cannot match them and concentrate where our expertise and traditional skills lie," be said. He also warned that there might have to be redundancies but any cuts would be aimed at saving jobs in other areas.

The appointment comes only weeks before CV's announcement of its half-yearly results, which are expected to indicate the serious effect on the company's business of the textile recession in the UK and overseas.

The company reported profits in 1979 of £8.5m on sales of £312m, compared with profits of £14.5m on sales of £322.7m in the previous year. Heavy losses were incurred last year in carpets and Mr. Regan announced a major cut in group investment for this year.

Mr. Hornby, aged 54, was chairman of Spillers Foods bot left the company after the Dalgety takeover. At Spillers be was responsible for a major rationalisation of the group's businesses and for the introdnction of a number of new products. Mr. Regan is expected to remain president of tbe British Textile Confederation until bis term of office is completed in April next year.

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Travel cover raised

THE STANDARD medical expenses cover in the "Extrasure" travel insurance policy offered by the 4,500 members of the Association of British Travel Agents (ABTA) has been raised from £5,000 to £50,000.

"Extrasure," introduced by ABTA in 1978, is claimed now to be the world's largest travel insurance scheme, issuing over 1m policies a year.

In 1979 tbe standard policy with £5,000 medical expenses cover cost £6.25 for a fortnight's boliday in Europe, and £12.60 for a fortnight worldwide, which included the U.S. The new policy, with £50,000 cover, will now be £8.50 and £17 respectively. Last year £20,000 of cover could be obtained for £12.25 in Europe and £24.60 worldwide. Only 20 per cent of the 1m policies issued were for the higher cover.

Mr. Mick Curry, chairman of ABTA's travel agents' insurance committee, said yesterday that the new scheme was the result of months of negotiation with a consortium of four insurance companies.

Last year income from policy premiums was about £10m. Mr. Curry would not reveal the amount paid out on claims, but said it bad been high. "There are no big profits made in travel insurance."

CBI LEADS BATTLE TO OFFSET INCREASES

Manufacturers attack gas prices

BY SUE CAMERON AND MAURICE SAMUELSON

THE British Gas Corporation's plan to increase its contract prices by up to 54 per cent came under fire from manufacturing industry yesterday.

The attack was led by the Confederation of Britisb Industry. It called on the Government to offset the proposed price rises by cutting the national insurance surcharge.

Mr. Bryan Rigby, deputy director-general of the CBI, said the i ncreases were "simply a form of taxation." He said the CBI wanted to discuss tbe matter with the Government at the earliest opportunity.

British Gas intends to raise contract prices to its industrial customers by between 21 and 54 per cent, adding at least £490m to the annnal gas bill of UK manufacturers. It ia a move to bring gaa prices into line with the more expensive gas-oil prices.

Mr. Rigby aaid be understood the corporation's need to maintain a balance between the prices of different fuels and tot control soaring demand for gas.

However, be said rises, wbich will come into effect as contracts are renewed, would "place an additional burden on British industry at a time when it can least afford it."

"Raising the price of supplying a monopoly product through the agency of a state-owned corporation whicb is already making substantial profits, is simply a form of taxation," Mr. Rigby said.

"While industry is suffering from the combined effects of bigh interest rates and a strong pound, it is ridiculous that it should have to face disproportionately high fuel costs," be said.

"I am getting more and more complaints from members that the general level of fuel prices in Britain is out of line with those of our competitors, particularly in Europe."

The Chemical Industries Association, whicb is leading the campaign for cheaper gas for industry, said yesterday that British Gas would make "a killing" from the price rises.

Tbe association said the corporation intended to phase out interruptible contracts. These contracts enable manufacturing companies to buy gas more cheaply than on firm contracts although they run the risk of baving their supplies cut at times of peak demand. This meant that the true cost of the price rises to UK manufacturing industry would probably be nearer £900m than £490m.

The National Federation of Clay Industries yesterday (July 15) aaid there would be widespread closures and lay-offs among its member companies if British Gas plans to put up contract gas prices went abead.

The federation's member companies employ about 30,000 people. It sent a cable to Mr. Norman Lamont, Under Secretary, at the Department of Energy, saying it was "absolutely vital" for the Government to issue an immediate statement on the corporation's plans.

British Gas made £360 pre-tax profits in 1978-79 and this year its profits are expected tn be in tbe region of £[illegible]m.

Review of future Ulster power needs

BY MAURICE SAMUELSON

A REVIEW of the future power needs of Northern Ireland is being conducted by officials from Belfast, Whitehall and Scotland.

They are members of an energy review working party referred to by the Government last week in answer to questions about the proposed closure of the provioce's gas industry.

This is being strongly resisted hy the gas industry whicb wants access to North Sea natural gas tbrough an underwater pipeline wbich would link Northern Ireland and Scotland.

A study by Cooper and Lybrand, London management consultants, bas challenged the Government's claim that such a scbeme, involving subsidies nf £130m, would not be economically feasible.

The energy review committee consists of officials from the Treasury, Energy Department, Central Policy Review staff, the Northern Ireland Commerce aod Finance Departments and the Scottish Economic and Planning Department.

Its study of energy needs will cover tbe future of the £300m Kilroot oil-fired power station, two of whose four generating sets are virtually completed.

Work has now stopped on the aecond balf of the plant, which the Northern Ireland Electricity Service bas proposed converting to coal. In view of the falling forecasts of demand for electricity, there are doubts about whether the power station will be completed.

Whatever the outcome, there would still be more than enougb electricity to take the place of gas which accounts for only 3 per cent of the province's energy reouirements.

Ooe of the arguments for building a gas pipeline betweeo Britain and Northern Ireland is the possibility of discovering natural gas off the North Antrim coast, for whicb exploration rights bave been granted.

In the Republic, gas bas already been discovered off the coast at Kinsale, near Cork, wbich could also be fed into a wider network if proved to be of sufficient quantity.

However, although the Government bas said it will examioe the Cooper Lybrand report closely, it is carrying on with its closure. It will shortly announce a package of financial assistance to help consumers who have to convert to other fuels and replace their cooking and heating appliances.

Funds set to agree Murdoch scheme

BY CHRISTINE MOIR

A SPECIAL CASE committee of the National Association of Pension Funds is likely to approve the issue of non-voting shares which is a key to Mr. Rnpert Murdoch's transfer of control of News International to News Corporation, his Australian master company.

Under the deal, shareholders of News International have the choice of selling out their stake or accepting new non-voting shares in News Corporation.

The pension fnnd movement has been strongly opposed to the issue of non-voting shares; it recently persuaded Lloyds Bank to change its rules in order to give every shareholder one vote per share.

However, Mr. Tom Heyes, cbairman of the Investment Protection Committee of the NAPF, says some types of concern — such as television companies in this country — need restrictions on control to prevent foreign intervention.

The News International case committee, chaired by Mr. Christopher Stevens of Imperial Tobacco's pension funds, bas studied the Murdoch move and decided that the deal would need such restrictions to receive the blessing of the Australian authorities.

It is expected to produce a report today whicb will advise members of the NAPF to accept the voting restrictions or sell their shares.

The case committee has not been concerned with the price offered by News Corporation, which it considers a matter for individual investment judgment.

The move by the electricity council pensinn funds, announced on Monday, to oppose the deal on the basis of price, surprised the committee, Mr. Stevens said. The electricity funds appear to be conducting an independent campaign, unlikely to win institutional support.

Four gave car details to casino, court told

FOUR MEN appeared at Nottingham magistrates court yesterday on charges relating to the passing on to Ladnp, a casino subsidiary of the Ladbroke group, of information about vebicle owners. They were remanded on bail until September 15.

Pnlice Sergeant Brian Crowston is charged with accepting cash as an inducement for obtaining the names and addresses of vehicle owners and communicating them to Ladnp.

A former police inspector, Mr. Rodney Widdowson, and Mr. Gordon Irving and Mr. Malcolm Rowley, are jointly charged with agreeing to give Sergeant Crowston money as an inducement to obtain the information.

Billingsgate plans

PLANS to retain the Billingsgate fish market building, when the market moves from the City to the Isle of Dogs in two years' time, and to develop its as a business and tourist centre, bave been put forward by SAVE, a gronp set up to protect Britain's beritage. The Corporation of the City of London, the landlord, wants to demolish the building.

The SAVE plans, drawn np by architects and surveyors, envisage riverside terraces for charter boats, restaurants, pubs, a museum and exhibition gallery, shopping arcades, sports facilities and offices. The nffice block would be built on the market'a lorry park to finance the scbeme, but first the site would be excavated. The park is thought to cover the remains of successive river walls aince Roman times.

A public inqnir y is to be held later this year into the City Corporation'a application for consent to demolisb the Victorian market building, listed in April by Michael Heseltine, Environment Secretary.

Devonshire widow's plant pot sells for £265,000

SALEROOM

BY ANTONY THORNCROFT

A BLUE AND WHITE Ming jar that a Devon widow had used as a plant pot sold for £265,000, plus the 11.5 per cent buyers' premium and VAT, at Sotheby's yesterday. It was spotted by Brian Bearne of Sotheby Bearne in Torquay while be was valuing a picture and identified as a rare 15th century jar, with a Chengbua mark. Decorated with a flowering lotus, leaves, stalks, fronds and two butterflies it stands 4¾ inches higb. The price was over double Sotheby's forecast and the anonymous buyer bid over the telephone.

All told Chinese ceramics brought in £942,145, and did well. Hirano, the Japanese dealer, gave £120,000 for sn early Ming underglaze red decorated dish; a kinuta glazed Longquan dragon vase and cover, 8¾ inches high, made £82,000; Poon, a Hong Kong dealer, paid £27,000 for a Junyao washer of the Song Dynasty, while another Hong Kong dealer, Chan, acquired a Qing copper red decorated vase for £26,000.

An Egyptian coffin from Thebes dating from the 25th/26th dynasty, whicb sold at Sotheby's in 1921 for £5 10s, made £17,000 yesterday. It was bought by the Rosecrucian Egyptian Museum of Callfornia. Top price in the antiquities sale was the £32,000 from a private American collector for a large Cycladic msrble female figure of around 2600 BC, 22½ inches high. An Egyptian bronze figure of Sekhmet, the lion-headed goddess, of the 26th dynasty, realised £15,500 and a bronze figure of Anubis, the jackal god, £12,000.

In a Sotheby's book sale a first edition of Fuch's berbal of 1542 "*De historia stirpium*" sold for £9,000 to Quarritch.

Top price at Christie's was the £12,000 from Holbein for three scenes by Johann Michael Wittner II of the Journey of King Otto of Greece to Naupia in 1833. In art nouveau, art deco and studio pottery, a gold and enamel champleve bracelet by Lalique went for £11,000 and a Gallé "polar bear" vase for £10,000. At Christie's South Kensington the Victoria and Albert Museum paid £11,000 for a coat believed to have belonged to Prince Rupert of the Rhine. A pair of bis breeches went to the V & A for £1,700.

Morecambe Bay gas on stream earlier

BY RHYS DAVID

THE British Gas Corporation is te bring forward its £1bn development of the Morecambe Bay Gas Field hy several years ln order to meet substantial variations in seasonal demand for gas.

The field, whicb will be used primarily to cope with winter surges in demand, was originally due to be integrated into the UK gas grid in the late 1980s.

However Mr. James McHugh, responsible for BGC's production and supply, said in Manchester yesterday experience during the winter of 1979 had shown the Morecambe gas could be needed earlier. As a result it was now intended that initial supplies should come ashore in 1984.

The industry has been facing very high levels of peak demand with consumers switching to gas because of its price advantage over other fuels and because nf fears over oil availability.

During last year's very cold winter the ratio between peak and low summer demand stretched to five to one, said Mr. McHugh.

In order to ensure supply and demand remain in balance the corporation has been buying in liquid petroleum gas, advancing pipeline projects in the North Sea, and developing partially depleted fields for stnrage. Morecambe is now expected to increase greatly the Corporation's flexibility in meeting extra demand. It is the only field which BGC is developing without partners and as a result it will nnt be tied to any set depletion rate.

Mr. McHugh revealed that outline planning permission for the processing terminals for the field near Barrnw in Cumhria has now been granted and mucb of the initial design work has been started. Work on the first two phases of the project is likely to start early next year.

Estimates of the aize nf the field, which is around 20-miles off the Lancashire coast, bave been upgraded since its discovery from 2-3 trillion (million million) to 5 trillion cubic feet. This compares with total reserves in the Nortb Sea estimated at between 26-74 trillion cubic feet.

When the first two pbases of the project are completed io the mid-1980s the field will be able to deliver up to 1.2bn cubic feet of gas per day fnto the national grid, or 10-15 per cent of peak day demand. The BGC will decide after it has gained operating experience whether to take the ultimate daily flow up to 1.8bn cu ft with a third phase development.

The field itself is located in shallow water and at a shallow depth beneath the sea bed. Twelve drilling and production platforms will be used and the BGC expects to employ "slant drilling"—the first time this technique will have been used in European waters.

Gas from the field will he brought ashore hy a single 36 ins pipeline due to be laid ln 1982, and a second pipeline of similar diameter ia likely te be added later. The terminal itself, including access for the pipelines and landscaping, will cover 185 acres and will process the gas befere it passes into a 42 ins pipelines to jnin the grid 31 miles away at Kirkhy Lonsdale.

During construction the processing site will employ arouod 400 people, and 50 permanent jobs shnuld result. Other jobs will be created on the offshore platforms.

BNOC to sell gas oil to Iceland

BY SUE CAMERON

THE BRITISH National Oil Corporation is to supply Iceland with gas oil—a small step on the road that could lead it to set up its own petrol stations.

BNOC has only once before sold refined product—as opposed to crude oil—aod that was to the UK Ceotral Electricity Generating Board rather than to a foreign customer.

A one-year reoewable contract has been signed with Iceland, and supplies will begin in September. The quantity of gas oil—used chlefly for heating—is small and only about six cargoes will he delivered.

BNOC has no refinery interests and is believed to have obtained the gas oil as part of a crude oil swap with a hig oil company.

Iceland is a NATO member but its main oil supplies come from tbe Soviet Union. It is thought the UK Government may have asked BNOC to supply Iceland to reduce the dependence on Russia. BNOC may supply Iceland with other refined products, although it is uoderstood there are nn immediate plans to do so.

Oil industry experts believe the Iceland contract is likely to lead to other deals, at home and sbroad. The Government wants to maintain a state oil trading company, though it bas decided to sell to the public nther parts of BNOC.

If BNOC starts selling refined products such as gas oil, fuel oil, and petrol in large quantities, it would be logical to obtain an interest in a refinery. With a refinery of lts own, BNOC could well start supplying retail garages with petrol ln mucb the same way as Shell, Esso and BP Oil.

Rise in invisible earnings forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OVERSEAS earnings of Britain's major serviee indnstries should rise by between 5 and 7 per cent this year to £21bn, Sir Francis Sandilands, chairman nf the Committee on Invisible Exports, fnrecasts this morning.

The committee, consisting of representatives of the UK's main invisible earners, expects most sectors to maintain, if not slightly increase, their market share nf world trade. The higgest improvement is expected in banking.

Writing ln the Committee's 1979-80 annual report Sir Francis says many problems remain in spite of the welcome abolition of excbange controls, wbich had been one ef the main constraints on UK invisibles.

Sir Francis lists the world trade recessien, the pound's strength, rising UK eests and growing competition from abroad in providing financial services such as insuraace and banking, expanding Seviet and Chinese shipping fleets and increasiag competitive overseas tourist centres.

To overcome particular problems the shipping industry seeks the re-introduction of investment allowances for ships, the consulting engineers need a widn demestic market as an expert hase, and the insurance industry is concerned about thn lack of progress on the freedom of services in the EEC.

Sir Francis stresses the committee's concern with the presentation nf invisible figures in the official statistics, particularly the need to distinguisb between the growing deficit on the Gnvernment sector and the surplus of the private sector, including pnblic corporations.

For example, last year, gross private sector invislhle earnings, including transfers, rose by 16 per cent to £19.8bn. Private invisible payments inereased by 30 per cent tn £15.5bn, largely beeause ef rising payments due abroad on Nerth Sea activities. Consequently, the private sector invisihles surplus dropped by £900m to roughly £4.2bn.

The deficit en Goverament transactinns widened so that the overall invisibles surplus, including tbe Government sector, dropped hy more than £1.3bn to £990m last year.

The committee is continuing discussions on hew to improve the statistics, although some changes have been made.

Atlantic Service plans Welsh bandsaw plant

BY ROBIN REEVES, WELSH CORRESPONDENT

The U.S.-based Atlantic Service Company is to establish a £1.5m plant to manufacture cutting equipment for the meat and fisb industries at Oakdale, South Wales. The project will initially provide some 40 jebs. This will rise to 80 withio three years. CAPS will make handsaw and bandsaw blades.

Mr. Ken Penwarden, Group Managing Director, says that the company has chosen South Wales from among a number of strongly competing EEC locations because of its good communications and the availability of a labour force with a high proportion of skilled workers. The company ls taking over a 25,000 sq ft Welsh Development Agency factory, and has reacbed agreement for the British Steel Corporation to supply steel to the new manufacturing facility. It intends to establish sales offices on the Continent. The first will shortly open in Brussels. The company first moved to England in 1974 te assemble cutlery grinders.

MPs seek ban on whale slaughter

BY ALAN FRIEDMAN

A MAJORITY of Members of Parliament favour a ban nn all imports of whale prodnets into Britain. The MPs, representing all political parties, are also calling on the Government fnr a world-wide ban on the slaughter of whales.

Of the total of 635 Members of Parliament, 335 have called on the Government to ban all imports of whale products, expressing their views in an Early Day motion, supported by Friends of the Earth, thn conservationist group.

Mr. Tim Clarke, the group's wildlife campaigner, yesterday said the parliamentary motion had been signed by more MPs than any other in the last decade.

He said that whiln the motion does not commit the Government to impose a whale prodncts import ban, it would increase pressure for such a decision. "I believe they have no choice but to impose the ban by the end of the year. We have a record level of support from MPs and a clear parliamentary majority," he said.

Sir Peter Scott, chairman of the World Wildlife Fund and an adviser to the British delegation at next week's meeting of the International Whaling Commissinn (IWC), yesterday supported the motinn and urged the Government tn take firm action.

Mr. Aliek Buchanan-Smith, Minister of State for Agriculture, is scheduled to voice Gevernment views on Monday at the start ef the 32nd annual meeting of the IWC in Brighton.

Sir Peter Scott said he hoped this speech would he "fnrceful."

No Oxford Street lights

By David Churchill, Consumer Affairs Correspondent

LONDON'S Oxford Street will not be illuminated by any special decorative lights this Christmas following the disappointing lighting displays of the past two years.

But Oxford Street retailers will shortly be asked to fund a £1m promotional campaign starting early next year to attract shoppers back into the West End.

In the past two years the Oxford Street Association has experimented with novel lighting displays, such as laser lights and illuminated displays along both sides of the street. Althougb the laser lights were successful as a novelty in drawing the crowds, the limitations for safety reasons on their use led to a disappointing display.

The 200 or so displays en poles last year were generally regarded as a failure, especially compared with the traditional lighting display in Regent Street.

However, the Oxfnrd Street Association bas now decided to concentrate its efforts on improving the West End environment and attracting shoppers over a longer period.

Oxford Street retailers, who have a combined turnover of £1.75bn, will be asked to contribute towards the premotions according to their stores' rateahle value. In the first year the cost of promotions is likely to exceed £1m and over a five year period, if they continue, the hndget could reach £10m.

Cottrell backs fast breeder

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN has the industrial capacity to pursue either the pressurised water reactor nr the fast breeder reactor, but not both, saya Sir Alan Cottrell, the former chief scientific adviser to the Government.

Sir Alan believes that tbn fast reactor should have higher priority, because it is safer, and there is "virtually no limit to the amount of electricity that could be provided." Sir Alan, now Master nf Jesus College, Cambridge, says that tbe results of recent safety experiments at Dounreay suggest that the fast reactor is "a most safe system."

He dismisses the argument that because Britain has delayed a decision on its long-term energy plans, a programmn of fast reactors could no longer meet its energy needs early in the next century. "It would hn lunacy to reaet to a state nf unpreparedness by extending it," says Sir Alan, writing in the latest issue of the Natinnal Coal Board's Coal and Energy Quarterly.

Sir Alan helieves that in the next two years Britain's energy policy makers will have to make twn decisions on nuclear reactors "which will largely determine Britain's well being, so far as electrical energy is concerned, fnr the next 30 years." They must choose whether to build pressurised water reactors, or more advanced gas-cooled reactors (AGRs). They must also decide when, if ever, to start the fast reactor programme.

The AGR has its imperfections—"mostly to do with management problems of on-site construction," says Sir Alan. But it has two great advantages. Onn is that it is cooled by a simple gas, "not by a liquid confined at temperatures far above its normal boiling point." The other advantage is that it would net "get in the way of the commercial fast breeder reactor."

Tesco speeds up closure of non-food departments

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TESCO STORES gronp plans to accelerate closures of non-food departments in its smaller stores as a result of the slump in retail spending.

The company has closed about 70 nf its "Home 'n' Wear" non-food departments in the past year. It proposes to close these in most of the smaller stores.

Mr. Ian MacLaurin, managing director nf Tesco, said: "We have decided that in many of our stores of helow 25,000 square feet we shall continne our programme of closing Home 'o' Wear departments and, in this context, intend to reduce the selling area overall by 10 per cent this year, and reallocate lt to food."

He said that sales of textiles and consumer durables had never really recovered from the increase in VAT in the June, 1979, Budget.

In the past few months the trend has worsened, as shown last week by the Department of Trade figures.

Article on broker true in substance, jury told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ARTICLE in the Daily Telegraph, alleged by Mr. Christopher Moran, a Lloyd's underwriter and broker, to have libelled him, was substantially true, counsel for the newspaper told a High Court jury yesterday.

The newspaper, its editor, Mr. William Deedes, and financial writer Barbara Conway are opposing a claim by Mr. Moran and two of his companies, Christopher Moran Group and Christopher Moran and Co., for substantial libel damages.

The complaint relates to an article written by Miss Conway, which appeared in February last year under the headline: "Currency Frand Saga Rolls On."

Mr. Moran claims the article suggested he had taken part in a fraudulent, illegal and dishonest scheme by which currency had been exported in breach of exchange control regulations by disguising it as a re-insurance transaction.

Mr. Charles Gray, for the Telegraph, said the article contained no suggestion that Mr. Moran or his companies were guilty of any offence.

All it said was that certaio re-insurance deals involving a Moran company were being investigated by the police. That was true, said Mr. Gray, and these matters were still being investigated.

Lord Rawlinson, QC, for Mr. Moran, told the jury the article was "a form of character assassinatien." It was libellous because of the headline, the references to illegal transactions and "allegations," and the mention of Mr. Moran and his companies.

Mr. Moran was entitled to damages as consolation for the shock of having the word "fraud" used in connection with him.

Mr. Justice Boreham began his summing-up to the jury, which will retire te consider its verdict today.

Yale Security to shed 80 jobs this month

BY ELAINE WILLIAMS

YALE SECURITY Products, part of one of the world's largest locksmiths, is te make 80 people—8 per cent of its UK workforce—redundant at the end of the month.

The company has blamed the need for redundancies at its Wolverhampton factory on a slight deterioration in its overseas markets coupled with the recession.

Yale, which exports 28 per cent of its UK production, said staffing has been maintained because of a £750,000 order from Iraq, bnt now the company could no longer afford this.

Most of the redundancies will involve employees who are reaching retirement age.

● Redundancy notices were served on 50 office and engineering staff at Northampton's United Counties Bus Company to offset annual running losses of £1m.

Current account deficit narrows

BY DAVID MARSH

BRITAIN'S deficit on the current account of the balance of payments narrowed sharply in the second quarter to £149m from £417m in the first three months of the year, according to seasonally adjusted Department of Trade statistics published yeaterday.

The deficit of £566m during the first half of 1980 was about two-thirds less than the shortfall of £1.52bn in the first half of 1979.

On visihle trade the deficit ln the past three months has been £299m, well below the £723m deficit in the first quarter.

The surplus on invisibles is estimated at £150m, lower than the figure of £306m for the first quarter. Statistics on lnvislble trade represent, bowever, only provisional estimates, and are revised later when more complete information comes to hand.

The UK had a surplus in oil trade during the past quarter of £19m—the first quarter in which this has occurred. The switch into the black—compared with a deficit of £126m in the first 1980 quarter—was entirely due to the surplus registered in April.

The terms of trade—the index of export compared with import prices—moved in Britain's favour over the past three months, with the index rising 1.6 per cent. This gain largely represents the effect of increased export prices—particularly for oil—at a time when the rise in import prices has been restrained by the strength of the pound.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m
1978	1st	8,390	9,023	120.1	113.6	105.0	−625
	2nd	8,676	8,862	121.0	109.1	104.5	−419
	3rd	8,933	9,401	122.5	115.0	106.1	−417
	4th	9,072	9,278	122.5	112.9	106.5	−456
1979	1st	8,373	9,961	109.0	116.9	107.0	−235
	2nd	10,658	11,144	135.3	128.9	106.4	−229
	3rd	10,641	11,134	129.8	128.1	106.8	−158
	4th	11,017	11,762	129.3	128.9	103.7	−157
1980	1st	11,832	12,555	131.3	126.5	100.7	−126
	2nd	11,868	12,167	129.2	124.8	102.4	+19
	Apr.	3,885	4,149	127.2	127.6	101.8	+44
	May	3,973	3,991	130.2	121.4	102.0	−10
	June	4,010	4,027	130.3	125.3	103.4	−15

* Ratio of export prices to import prices

Source: Department of Trade

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Reprieve for 2,500 Foden workers as a buyer is sought

BY JOHN GRIFFITHS

THE INQUEST starts today on Foden, one of Britain's last two independent heavy truck makers, now in receivership. Sir Kenneth Cork of Cork Gully and Mr. Philip Livesey of Coopers Lybrand, the receivers, have already indicated that they intend to keep the business going while a search goes on for a buyer.

For Elworth, the Cheshire village which has housed the Foden works for 123 years, and which depends on it for its existence, their intention lightens some of the gloom of Monday night, when 2,500 redundancies looked imminent.

Less than a mile from the Foden plant is the other British independent heavy truck maker, ERF, formed in 1933 when Edwin Richard Foden broke away from the family concern to form his own business.

But while ERF is now expanding, it was Fodens' decision to go for rapid growth seven years ago that sowed the seeds of its present problems.

The decision to double capacity to 6,000 trucks a year, could not, with hindsight, have been worse timed. It was 1973, with the world just around the corner from oil crisis and recession.

The bottom fell out of Foden's market. And when the company's overdraft reached £4m in 1975, bankers NatWest pulled the plug. The Government talked for a time of rescuing Fodens with a "substantial" equity stake.

In the end it was NatWest's subsidiary, County Bank, and other City institutions which did the bailing out, with a £3m rights issue as part of a package which also gave the company a new £6m overdraft facility.

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The 1976 pre-tax loss was £1.07m The company fared better the following year, recording a pre-tax profit of £1.7m and gaining enough confidence to fight off a £10.8m bid from Rolls-Royce Motors. Things looked better yet in 1978, with results £2.8m in the black.

But it was not to last. Bucking the accelerating trend among European truck makers to cut costs by sharing or buying in components, Fodens was back in trouble in 1979 with a loss for the year of more than £½m.

In any case, the figures to some extent had been deceiving, for only in 1977 did Fodens actually generate enough operating revenue to cover operating costs.

This 1979 loss was despite a number of efforts to improve the company's position by, among other things, setting up a marketing team to sell a number of its principal components to other makers. At the same time, it was already preparing for economies. Its in-house production of gearbox components was wound down, and towards the end of last year, it announced 300 redundancies.

At the same time it was preparing to launch a new range of trucks, the S10. They have been very well received in the market, but once again the fates were conspiring.

FODEN'S FINANCES

	1979 £000	1978 £000	1977 £000	1976 £000
SOURCES OF FUNDS				
Net cash flow from operations	(586)	2,821	2,044	(191)
USE OF FUNDS				
Spending on fixed assets	1,051	1,219	599	445
Increase in working capital	2,198	4,098	(439)	1,548
Making	3,249	5,317	160	1,993

Foden was prepared for the fact that the S10 was being launched into a year when a 15 per cent drop in demand was forecast. But first the engineering strike, then the lengthy steel strike hit production just as the trucks were getting under way.

Fodens was unable to make more than 50 a week against a planned 55, and as Mr. Bill Foden, then chief executive and deputy chairman, observed in February, "the difference between success and failure is now 5 per cent." At 60-70 a week, Mr. Foden said the company would be making a £5m annual profit. As it was, the latest half-year results showed a deepening loss, to £1.73m.

In spite of further cost-cutting and streamlining measures set in train by a new management team which took over in April, the figures for the full year, expected in the next day or so, will now clearly be worse.

This weekend, the 2,500 workforce a Sandbach will start two weeks' holiday. They are already on three-day working, and as part of the economies decided in April, some 630 have been told they face compulsory redundancies.

Whether they will take place is now up to the receivers. But the prospects no longer look quite as bleak as they did after Monday night's receivership announcement.

Alfred Herbert finds a buyer

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

ALFRED HERBERT has found a buyer for its Birmingham machine tool plant. An announcement yesterday from the company said that agreement had been reached in principle for its purchase by White Consolidated, an American group.

The sale of the Mackadown Lane plant leaves the Edgwick plant in Coventry as the sole remaining plant in the Alfred Herbert group. Unless a buyer can be found quickly for Edgwick, the threat of closure looms for the plant which was once at the heart of the Herbert empire. Redundancy notices were issued at the beginning of this month to all Edgwick employees, since when no firm offers have been received for the plant.

The American purchase of the Birmingham plant is expected to bring some redundancies among the workforce of 692. But Mr. Peter Rippon, chairman of Alfred Herbert, said yesterday that after the initial redundancies, employment will stabilise and eventually increase.

White Consolidated is a major manufacturer of domestic appliances, under the Kelvinator label, machine tools and other capital goods.

Mr. Roy H. Holdt, chairman and chief executive, said the company plans to bring additional machine tools from the U.S. to add to the range being made at Mackadown Lane. The Birmingham plant makes single and multi-spindle automatic lathes, and numerically controlled machining centres.

Unions fight private hand in Health Service

By Gareth Griffiths

THE GOVERNMENT faces widespread trade union opposition to its plan to involve the private sector in running the National Health Service.

Regional and area health authorities have been given until July 25 to comment on a Department of Health and Social Security circular.

The circular, sent out to authorities at the end of June, says they can co-operate with private profit-making medical organisations, and encourages them to contract out cleaning, catering, laundry and building work.

The main health service unions have denounced the proposals. The circular is due to be discussed at the meeting of the TUC Health Services Committee next month.

Unions will instruct their members to ignore the contracting organisations, and as contractors normally hire the existing work force, the unions hope this will prove a sufficient deterrent.

The scheme might undermine the recently agreed NHS disputes procedure.

The Government hopes contracting-out of ancillary work will lead to both manpower and cash savings. Few hospitals hire outside help. One uses outside caterers. Only 5 per cent of laundry work is on contract. Several studies suggest that outside contract work is done more efficiently with a smaller workforce, led by a higher-paid and motivated management.

DHSS officials yesterday stressed the voluntary and flexible nature of the circular. Authorities would not be forced to send patients to private beds or to hire off work.

However, the Government, in line with recent Ministerial speeches, is deliberately stimulating private medical care by its measures.

It is not yet clear if the private sector would have the capacity at present to care for NHS patients. About 3m people are covered by private medical insurance. There are about 5,000 private hospital beds. The NHS has 2,300 private beds.

Hours cut for nuclear workers

A THREE-HOUR cut in the working week has been negotiated by unions representing 8,000 manual workers at British Nuclear Fuels, this will give them the same hours at white-collar employees.

The Amalgamated Union of Engineering Workers said a pay settlement, from October 1, was worth over 20 per cent but the company maintained it represented a 15 per cent increase in earnings.

Pay rates are increased by between £10.56 and £14.70 a week. The union said an experienced craftsman would have a new basic rate of over £107 a week.

Vauxhall workers seek big increase

VAUXHALL car workers have demanded a substantial pay increase coupled with a cut in working hours. The 25,000 manual workers are demanding a cut in the 40-hour week, initially to 37½ and later to 35 hours.

TUC leaders to adopt plan opposing Employment Bill

BY CHRISTIAN TYLER, LABOUR EDITOR

TUC LEADERS are expected today to adopt a five-point policy programme for dealing with the Employment Bill when it passes into law at the end of the month.

The most active recommendation for boycotting the Government's new curbs on trade union activities is that unions should refuse to accept public money for financing secret ballots called in disputes or for the election of officials.

This course of action has already been decided by the TUC general council.

Today the TUC sub-committee responsible for industrial relations will put the final touches to the rest of a policy statement that will go to the general council and then to the annual Congress in September.

The statement says unions should seek to restore by conventional collective bargaining individual rights the Bill has removed.

It says the TUC should produce a guide to the Act which explains its implications to ordinary trade unionists. The TUC should also keep under review the way in which the Act cuts across its own machinery. An obvious example is the informal Independent Review Committee which adjudicates on cases of people who have lost their jobs in closed shop companies. The committee is serviced by Congress House.

Finally, the sub-committee will want talks with the Labour Party to keep going to secure full repeal of the Bill by a future Labour Government. This assurance has already been given by the present Opposition spokesmen, but in somewhat ambiguous terms.

The TUC's employment policy and organisation committee will also today finish its report to Congress on the action already taken in an effort to draw the teeth of the Bill, including its talks with Mr. James Prior, Employment Secretary.

A continuing propaganda campaign against the measures is envisaged.

The policy envisaged appears to mean the TUC will not actually urge trade unionists to break the law, but will do nothing to help the law work.

One senior union leader pointed out that the Government had been "clever enough not to make the mistakes of last time" by giving the unions no obvious target or method of rendering the law unworkable.

The 1971 Industrial Relations Act, by contrast, provided a register of unions and set up the National Industrial Relations Court. TUC instructions to unions to refuse to be registered, and individual unions' boycotting of the Court, combined with employers' reluctance to use the Act as intended were sufficient to undermine the whole edifice.

Concern voiced over effect of spending cuts on unemployment

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MANPOWER Services Commission has continued to voice its concern about the effect Government spending cuts will have on the employment market.

Sir Richard O'Brien, commission chairman, says in his introduction to the annual report, published yesterday, that the year to March 1980 had been difficult. This was because of the need to cut expenditure by £110m, or 16 per cent, and staffing by 3 per cent.

The report spotlights cuts in the Special Temporary Employment Programme, where funds were reduced from £84m to £54m.

"This meant that original plans for 30,000-35,000 places per month by March 1980 had to be drastically reduced at a time when the programme in which more than 18,000 took part was clearly gathering momentum.

"The finance available in 1980-81 is sufficient for a programme of 12,000-14,000 filled places per month; with additional resources, more places could have been provided."

The Government is studying voluntary work plans for the unemployed. It is seen as a means to partly compensate for the cuts in the special programme at minimal cost.

The report notes that unemployment "worsened rapidly" after falling to 1.2m in September, to reach 1.35m in March. In manufacturing industry 160,000 jobs were lost. By the end of the year, more people were joining the unemployment register than at any time since such figures were first published 13 years ago.

By this April there were 90,000 fewer unfilled vacancies at Jobcentres than in June last year.

Sir Richard says that, in spite of the cuts and the worsening employment market, the commission had been able to maintain considerable progress.

It has concentrated resources on three main areas: providing skilled workers for industry; providing training and work experience for the young, and continuing to modernise the employment service.

Part of the modernisation programme will be the extension of the CAPITAL project, a computer-based system which matches jobseekers and vacancies. The extension of the scheme from a test run in North London to cover the Greater London area will cost £8m. Treasury approval is pending.

The commission has been able to expand the Youth Opportunities Programme, catering for 216,400 young people over the year. The Training Opportunities Programme also grew by 4,000 over the previous year, with nearly 75,000 adults taking different courses.

The report has been criticised as bland by the Society of Civil and Public Servants, which represents members working in the Commission's employment and training services.

Mr. Chris Easterling, national officer, said industrial recovery was hampered by skill shortages, yet 20 skill centres had closed and courses provided by industrial training boards had been cut.

Senior civil servants to vote on disruptive action

BY PHILIP BASSETT, LABOUR STAFF

SENIOR CIVIL servants are to be balloted on disruptive sanctions in Whitehall departments over the Government's decision to cut the pay increases recommended by the Top Salaries Review Body.

Ballot papers, in the form of a detailed explanation of the Government's decision to cut the Boyle committee's proposals and its effect on pay rates, will be sent out on Friday by the First Division Association, which represents about 9,000 senior staff.

The union's decision to consult its members is a disturbing indication of the strength of feeling over pay among traditionally moderate senior civil servants.

The union has decided to conduct the ballot itself rather than through a body such as the Electoral Reform Society.

The ballot papers will be sent to branches for distribution. Their text has been prepared by Mr. John Ward, the FDA's general secretary. It concludes with a question asking members if they support the executive's recommendation to impose sanctions.

The sanctions include a refusal to work more than the standard 41-hour week, taking full holiday entitlements, refusing to take work home, refusing to travel on official business in their own time and refusing to draft answers to supplementary Parliamentary questions.

● Leaders of all nine Civil Service unions yesterday decided to seek an urgent meeting with Ministers and to convene a rare meeting of the full National Whitley Council.

Dispute halts Glasgow Herald

THE GLASGOW Herald yesterday lost its tenth edition this month through the latest in a series of pay disputes linked to new technology.

Members of the National Graphical Association, who make the stereo printing plates from which the newspaper is printed, stopped production in support of their claim for parity with compositors, who were involved in a dispute last week. The compositors are members of the Scottish Graphical Division of the Society of Graphical and Allied Trades (SOGAT).

The management declined to comment on the latest dispute.

From Sunday night the management plans to print the paper and its sister publication, the Evening Times, by direct using the U.S. Harris system of computerised photo-typesetting in new premises at the former Scottish Daily Express building in Albion Street, Glasgow.

PAULINE CLARK ON NEW TELEVISION TECHNOLOGY

Video getting a better reception

THE PAST few years have seen mounting pressure on British television companies to achieve union agreement on using new technology for news programmes. But their efforts to catch up with the rest of the world have never been more intense than they are now.

Speeded-up negotiations have produced an important agreement this month between Independent Television News management and the Association of Cinematograph, Television and Allied Technicians, its main technicians' union, although no deal has yet been made with other unions.

Negotiations are also reaching a critical stage at the BBC and elsewhere in independent television, including London Weekend and Thames.

Portable

During the protracted and complicated negotiations between ITN and its staff over recent weeks, management has repeatedly emphasised the problems it faces in broadcasting news events also being covered by its foreign counterparts.

Television companies in the U.S. and many other countries overseas already use video transmission for news stories.

The system is called electronic news gathering (ENG), and consists of a light-weight, portable "handypack" of equipment which can easily be carried by two people.

The simple pack—a camera, a videotape and sound recorder—is in stark contrast to the cumbersome equipment required by a film crew.

Although live video transmissions of football matches and events like yesterday's arrival of the Queen Mother at St Paul's Cathedral are possible for British television companies, unions insist at present that news items such as interviews have to be carried out by film crews.

Because the use of film takes time—it has to be processed before transmission—British companies may take as much as half an hour more to broadcast news than foreign companies using the video system.

When covering news assignments overseas, British film crews may also have problems in finding facilities for processing their films, so widespread is the use of ENG by foreign television companies.

ITN has already had to give up plans to use ENG at certain major news events abroad this summer—including the Moscow Olympics—because of the delay in reaching agreements with its journalists.

The problems of achieving union agreement on new television technology have often been compared with Fleet Street's difficulties in introducing new printing technology.

But the effects of new television technology are more complicated than the simple threat of machines taking over jobs and skills. Moreover the question of financial compensation is less of an issue to television staff than to printers.

The video system, which allows immediate transmission of a television report, cuts out the need for film processing but on the whole changes rather than eliminates the skills of television staff.

Nor is it the need for retraining which creates the real difficulties, so much as the need to redefine the jobs of news staff in the individual unions.

This redefinition of jobs creates different problems for different companies because of the variations in existing "who does what" agreements.

While one company may have an existing agreement to cover news events with a small team of a film cameraman, a sound man and a reporter, another may have to use two cameramen, two soundmen, a reporter, researcher, a personal assistant and a driver. Sometimes a producer and other assistants may join the team.

The use of the lightweight and compact video camera, however, overturns the basis of all these agreements.

Since, in most of the British negotiations, redundancies are ruled out in favour of expanding the number of crews, arguments centre not only on rivalries between unions but on functions within one union.

Negotiations are further complicated by the fact that film operators enjoy a different status from those staff who already operate video equipment.

The video operators have been used to receiving the orders in their work, but now see their opportunity for a more glamorous role. While the film staff fear for their jobs, the video staff want to ensure they get the status jobs.

In both cases, the staff are likely to be members of ACTT, but this does not mean that they have not experienced similar rivalries before. In some television companies there has long been jealousy between "live" and "film" shops (union branches).

Negotiations have had to take into account similar problems affecting film and video editors where the video man has in the past been strictly the technician and the film man the artist.

The ENG system also affects other unions, in particular the National Union of Journalists which has an often uneasy relationship with ACTT and where considerable overlapping of jobs has arisen over the years.

Driving

The NUJ members have jealously guarded their role as the ones who appear on the screen and report news events. But ACTT members who have been closely involved in organising a news programme are trying to ensure they are not cut out of the ENG teams.

Meanwhile, negotiations are having to take into account the effects on other unions, such as the National Association of Theatrical, Television and Kine Employees, whose members have had the job of driving film equipment to news scenes but whose big vehicles are hardly needed for transporting an ENG pack.

The negotiations are complicated and Mr. Alan S[illegible], general secretary of ACTT, has summed up the union approach in emphasising the need to "look before leaping" in negotiations so far.

He 'orders new tanks with tact'

By Philip Rawstorne

WITH EACH NEW weapon he acquires, Mr. Francis Pym, Defence Secretary, becomes politically more pacific.

He deploys cruise missiles with concern; orders new tanks with tact.

With regret for such weapons, Mr. Pym yesterday announced that £5bn would be spent over the next 15 years on a submarine force equipped with Trident nuclear missiles.

"It is designed solely to preserve peace and prevent war," Mr. Pym assured the Commons—and spent the next 50 minutes similarly and skilfully averting any major explosion of political hostilities.

Mr. William Rodgers, Labour's defence spokesman—provoked by the Tory cheers which greeted him as a potential ally—was mildly militant.

"We simply cannot approve it," he declared—at least until after a full debate.

Mr. Pym was disarmingly understanding. "This is a most difficult matter of judgment . . . we approached it with utmost humility," he said.

He refused to share Mr. Enoch Powell's pride in maintaining Britain's place in the front rank of nuclear nations.

"I share the anxieties of all members who fear the spread of nuclear weapons," Mr. Pym replied obliquely.

He obliterated in a smokescreen of words Mr. Robin Cook's strictures on this "pathetic effort to pretend we are still a major power."

And as the Left massed for the attack, Mr. Pym picked off a few critics with promises of increased employment.

Mr. Eric Heffer, sternly advancing the view that millions would greet the decision with despair, found himself enmeshed in sympathy.

Mr. Pym understood. He too would prefer to live in a world without weapons, he said. But until such a situation could be negotiated, self-protection was vital.

Mr. Bob Cryer, protesting that the Government move was "an affront and an outrage to humanity," was humanely put down.

There was a great deal of suffering and distress to be relieved, Mr. Pym agreed. But there was also much potential conflict to be resolved.

The defence secretary was well supported by Tory MPs but did not allow them to provoke aggression. Mr. Winston Churchill claimed hawkishly that the Government was doing no more than follow the Atlee Government's courageous example.

Mr. Pym saw no advantage in comparison of that kind. Cold analysis had brought him to an inescapable conclusion, he said. Any government acting in the national interest would end up in the same position, he suggested.

Against such defensive capability, political hostility wavered and finally waned.

DEFENCE SECRETARY ANNOUNCES £5bn TRIDENT NUCLEAR MISSILE PROGRAMME

Pym rejects Opposition criticisms

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE ANNOUNCEMENT in the Commons yesterday that the Government is to spend £5bn on the U.S. Trident nuclear missile as a replacement for Polaris received a hostile reception from Mr. William Rodgers, Labour's defence spokesman.

"Many of us are deeply sceptical about the decision," he declared. "We believe the case for buying Trident has not been made out and I believe we simply cannot approve it."

The new missiles, which will be launched from a force of four or five submarines, will be brought into service in the early 1990s.

Mr. Francis Pym, the Defence Secretary, who made the statement to the House, firmly rejected Labour criticisms. He argued that it was essential that Britain should continue to possess its own nuclear missile system in order to deter any would-be aggressor.

"If we were to lower our guard, if our shield were to be in any way inadequate, we should be committing a major failure to protect the citizens of this country, and those of our friends," he insisted.

The long awaited announcement came under bitter attack from Labour Left-wingers, particularly as it involves spending £5bn over 15 years at a time of higher unemployment and recession. Mr. Bob Cryer (Lab. Keighley), denounced it as "an affront and an outrage against humanity."

...Mr. Eric Heffer (Liverpool, Walton), a leading Left-wing member of Labour's national executive, said that despite the euphoria on the Conservative side of the House, millions of people would be in despair at the decision.

He also detected some euphoria on the Labour backbenches — but Conservative MPs, who detected only hostility from the Opposition, wanted to know how he came to that conclusion.

Tory backbenchers gave their wholehearted support to the proposal, although some were worried at the effect which such heavy expenditure would have on other sections of the defence programme.

Mr. Pym told them that this "expensive weapons system" would take 3 to 4 per cent of the defence budget over a period of 15 years. But in the peak years, it would take up to 5 per cent of the entire defence budget and 8 per cent of the equipment budget.

He conceded that the spending on Trident would have an effect on other weapons systems, but pointed out that the strategic nuclear deterrent had always been part of the normal defence budget.

There was a cheer from the Conservative benches when Mr. Enoch Powell (Ulster Unionist, South Down), a former Tory Cabinet Minister, declared: "There will be general relief and satisfaction that Britain has decided to remain in the front rank of nations in nuclear as well as in conventional armaments."

Mr. Pym told the House that the deal with the U.S. Government was on the same lines as the 1962 Nassau agreement, under which Britain acquired Polaris. The UK would be designing and building its own submarines and nuclear warheads in this country and would buy the Trident missile system complete with its multiple capability from the U.S.

It would be entirely in Britain's ownership and operational control, but the Government would commit the whole force to NATO in the same way as Polaris.

Pym: "Britain must possess its own missile system"

Some Conservative backbenchers were worried at the possibility that there would only be four submarines. They pointed out that the present force of four Polaris submarines had meant that on occasions only one of them could be at sea in an operational condition.

Mr. Pym explained that there was no need to decide about a fifth vessel for another two or three years, and meanwhile the Government was keeping the option open.

He emphasised that as much work as possible would go to British industry, and at least 70 per cent of the total cost would be spent in this country resulting in substantial employment.

He argued that until genuine multilateral arms control could be negotiated, any weakening of Britain's defensive capability would increase the risk of war, particularly at a time when the Soviet Union was rapidly building up its massive military strength.

Mr. Rodgers pointed out to him that the cost was high in terms of Britain's conventional armaments obligations. Many MPs, said Mr. Rodgers, were worried about the effect on the rest of the defence budget.

"With very limited national resources at a time of no growth this programme will pre-empt a very large sum of money that might go towards other and more worthy programmes," he said.

He hoped that the Government would not proceed further until a full debate had taken place in the Commons and in the country.

Mr. Stephen Ross, the *Liberal* defence spokesman, declared: "We have consistently opposed the whole concept of an independent nuclear deterrent and this announcement gave us no joy at all."

The Scottish Nationalists were also opposed to it. Their leader, Mr. Donald Stewart, accused the Government of acting against the fundamental aims of a civilised society, and adopting the Nazi philosophy of "Guns before butter."

Cost and effect the sensitive issues

BY IAN DAVIDSON,

THE MOST sensitive issues likely to be raised by the Government's decision to buy the U.S. Trident submarine-launched ballistic missile system are its cost and the possible impact of these costs on other types of spending.

According to the Government, the four-submarine Trident system will cost approaching £5bn, spread over some 15 years. A little over half of this sum would have to be spent during the rest of this decade, the remainder during the first five years of the next decade.

The first submarine would become operational in the early years of the next decade, and entry into service of the remaining three boats would be spread over 4-5 years.

According to the Government, the capital cost of Trident is unlikely to absorb on average more than 3 per cent of the total defence budget over the period 1980-1995, peaking at about 5 per cent in 1985-1990, and falling again to 1-2 per cent in the remaining five years.

On these figures, the estimated cost of Trident would be less than the Tornado multi-role combat aircraft (MRCA), which currently absorbs about 7 per cent of the defence budget.

Most defence specialists outside the Government accept that the running costs of Trident are likely to be very low once it is operational; this has certainly been the experience with the existing Polaris submarine force, which will be phased out as Trident comes into service.

What worries some of these specialists, as well as some members of Parliament, is that the capital costs of the Trident programme will prove difficult to digest, and may either lead to cut-backs in spending on Britain's conventional defences, or may require much larger increases in the total size of the defence budget than are currently being planned.

Two of the Government's most eloquent critics on this score are Colonel Jonathan Alford, deputy director of the International Institute for Strategic Studies, and Professor David Greenwood of Aberdeen University.

At first sight, the Government's breakdown of the Trident cost profile does look rather optimistic in relation to the total size of the defence budget.

If nearly half of the £5bn is to be spent in the years 1991-1995, that works out at an average of about £500m a year. If this is to represent only 1-2 per cent of the total defence budget—say 2 per cent—that means a total defence budget of about £25bn in present-day prices.

According to the April Defence White Paper, this year's defence budget is just over £8bn (in 1979 prices). This would seem to imply a real rate of increase in defence spending every year for the next 15 years at least twice, and perhaps 2½ times, as fast as is currently being planned for the next four years.

With Trident, as with Polaris, a four-submarine force means that at least one boat can be on station at any time. Within the next 1½-2½ years the Government will have to decide whether to take up the option to buy a fifth boat, which would mean that at least two boats could be on station at any time. A fifth boat, with its missiles, would cost an extra £600m.

Colonel Alford believes that Britain could maintain its independent deterrent much more cheaply by replacing Polaris in due course with cruise missiles, launched either from mobile land transporters or from fast patrol boats or hovercraft.

The Government rejected the cruise missile option, largely because it is convinced that ocean-going submarines are the only secure launch pad for the deterrent.

Since cruise missiles are more vulnerable to Soviet air defence than ballistic missiles, it argues, more cruise missiles would be required, and that would mean a larger number of submarines.

Cruise missiles are much cheaper than missiles, but since the submarines are the really expensive part of such a system, cruise missiles on submarines would cost more than Trident.

Strong pressure to give ICL £150m contract

BY ELINOR GOODMAN, LOBBY STAFF

MINISTERS WILL today consider whether foreign companies should be allowed to compete with the British owned International Computers for the contract to supply the Inland Revenue with a £150m computer installation to computerise the entire PAYE operation.

The discussions will take place at a meeting of the Cabinet's economic committee, chaired by the Prime Minister, against a background of growing pressure within Westminster to give the contract to ICL.

The Department of Industry is expected to argue in favour of ICL, which at present supplies the Government with almost all its really large computer installations.

But the Treasury is believed to be in favour of putting the order out to tender.

This would open up the contest to American companies, at least one of which is said to be preparing a bid well below the ICL tender, as a means of getting a foothold in the British market.

The Prime Minister is said to be closer to the Treasury's position despite the Government's new "Buy British" policy for the public sector.

Her view on this kind of order is apparently that it should only go to a British company if it can produce the right product at the right price.

Nevertheless, the pressures on the Government to sustain the British computer industry are strong, and there would be an outcry from the Opposition, and some Tories as well, if this order went outside the UK.

ICL met Sir Keith Joseph, the Industry Secretary, and Sir Geoffrey Howe, the Chancellor, to put their case, earlier this month. They have also written to the Prime Minister, asking for a meeting with her if the Government decides not to keep its contract with ICL.

It seems unlikely, however, that Mrs. Thatcher would want to personally involve herself in discussions which she would feel could be better handled by her ministers.

The order, which involves machines costing about £60m, is thought to be the largest civil computer order planned by any public authority in Europe.

Both ICL, and IBM, the main American company in the running, have lobbied MPs extensively. Over 100 Labour MPs have signed a Commons motion urging the Government to place the order with ICL.

A group of Tory MPs have also been collecting signatures for a similar motion. Both groups of MPs argue that it is essential for the future of Britain's computer industry for the order to go to ICL.

Members of the TUC's economic committee yesterday met Lord Soames, Lord President, minister in day to day charge of the Civil Service to stress that in their view it would be disastrous if such a prestige order went to a foreign manufacturer.

Lord Soames told the union officials that the feelings of the unions would be borne in mind.

PM urges salary restraint in town halls

By Ivor Owen

THE PRIME MINISTER yesterday in the Commons urged top officials in local government to accept the need for restraint in salary increases.

She called on them to follow the example set by the Government in pressing MPs to limit their latest pay rise to 9.6 per cent, instead of the 14.6 per cent recommended by the Top Salaries Review Body.

Mrs Thatcher stressed: "I believe that many people particularly in the West Midlands and elsewhere, are now agreeing to take reduced wage settlements to keep their own industries competitive.

"They will feel very great resentment if the fruits of their efforts go to pay more in salaries to top people in town halls."

Mr Ray Powell (Lab., Ogmore) warned the Prime Minister that, in view of the damaging effect of Government policies, she should be ready for a hot reception when she visits South Wales on Saturday.

Unperturbed, Mrs Thatcher recalled attending a Conservative conference in Ebbw Vale after the Labour Government announced the closure of the steel plant there.

That action had been taken, she said, to make Britain's steel industry more competitive, and it was still necessary to pursue that objective.

The Prime Minister emphasised that the Government had done a great deal to show its concern for those who had been made redundant by providing the finance needed for remedial measures in the hardest-hit areas.

D-Notice system should be in mothballs

THE CONTROVERSIAL system covering the publication of sensitive defence information should be put into mothballs for the time being, a Tory MP said yesterday.

Mr. Jonathan Aitken, MP for Thanet East, said until after the much-promised review of the Official Secrets Act, the D Notice committee—whereby representatives of the media and Defence Ministry advise what defence details should be reported—was in a "meaningless vacuum."

Mr. Aitkin has personal experience of the way the D Notice system works. In 1971 he and the *Sunday Telegraph* Editor were acquitted of breaking the Official Secrets Act for publishing extracts from army documents about the Biafra war, after having first co-operated with the D Notice system.

Giving evidence yesterday to the Commons Defence Select Committee, which is investigating D Notices, Mr. Aitken said he doubted whether even a new D Notice system would be very efficient, although it could be helpful to journalists to have "a wise old uncle in the Ministry of Defence to give informal guidance on these matters."

"In the end it has to come down to the bedrock's law which is the Official Secrets Act which is in a hopeless state of muddle at the moment," said Mr. Aitken.

Mr. Chapman Pincher, Daily Express defence correspondent from 1946 to 1979, told MPs it was humbug to suggest the D Notice system was not a form of censorship.

"It is a form of censorship I accepted in the belief that we were then fighting something like the start of the third world war against a ruthless enemy and some degree of censorship is reasonable," said Mr. Pincher.

Aitken: "Official Secrets Act is in a hopeless muddle"

A further criticism of D-Notices came from Mr. Peter Preston, editor of the Guardian, who said he associated himself fully with the submission to MPs by Mr. David Chipp, Press Association editor-in-chief.

"Like Mr. Chipp, I believe that the harm to the press image by seeming to participate and condone such an operation outweighs the very reasonable occasional recourses that are made to the committee and to its spokesman," said Mr. Preston.

But not all his colleagues shared this view. Some appreciated the "amiable working of the committee and its spokesman, the sound level of advice on offer and the potential buffer zone that it forms between working journalists and the Ministry of Defence," said Mr. Preston.

Mr. Preston favoured a review of the system when the Official Secrets Act's future was resolved.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● NAVIGATION

Identifies ships in narrow channels

FROM GERMANY comes news of a VHF (vary higb frequency) direction finder whicb is able to establish the bearing of a ship in narrow waterways to an accuracy of ±0.1 degree.

Designed by Robde and Schwarz GmbH, Muhldorfatrasse 15, Postfsch 801469, D-8000 Munich 80, the equipment was designed for the Federal Waterways and Navigation Board and bas already been the subject of 19 test runs at the Minsener Gog radar tower oo the Jade estuary. Results are stated to be "outstandingly accurate."

Designated PA 001, the equipment should prove useful in coping with the rising levels of shipping in narrow channels. It will pick up ships carrying VHF ship-to-sbore transmitter/receivers (156 to 162 MHz) at ranges of up to 80 km and find their azimuth position with errors of only 20 to 30 metres.

Tne equipment shows the azimuth angle on a four digit display and also passes it via a binsry coded decimal (BCD) interface to external processors. The modular design allows multi-cbannel VHF systems that work simultaneously to be easily assembled.

Keeping on course

UNITS FOR navigation using the Loran C system, namely a receiver, a processor/display and a cathode ray tube based plotter, bave been made available in the UK by Furuno (UK), 25 Sovereign Drive, Botley, Southampton (04892 3971).

Receiver LC-200 is used in coojuoction with the processor/display unit LC-3000, although the former can be employed independently. A master signal aod two slave stations with correct time differences are acquired by the receiver, and a memory can store up to five event positions.

Time difference data is converted automatically hy the LC-3000 into direct readings of latitude and loogitude on digital displays, eliminating the need for Loran cbarts or tables. Keyboard selection also provides distance and bearing to nine waypoints or the destination, present speed over the ground, and course—without influence of curreots or magnetic deviation.

It is also possihle to use the receiver with the Furuno satellite navigator and, of interest to the fishing industry, a video plotter. The latter shows the vessel's movement in a "north up" display, the effect of wind and current then heing very easily seen.

● COMMUNICATIONS

Speeds message handling

ADDING TO the top end of its message switching equipment range, Format Communications, Cowley Mill Road, Uxbridge, Middlesex (Uxbridge 30678) has announced the MRS-100-16, able to bandle up to 256 lines under the cootrol of a 16 bit microprocessor.

The equipment allows messages to be prepared and edited, after which they are stored in a five megabyte flying head disc store for appropriate onward transmission. For example, where large volumes of international traffic are involved the machine can keep messages until the rigbt moment for reception in a particular time zone; this could be in the early hours of the morning in the UK—the machine can he left unattended.

This store and forward mode can also be used to try engaged lines at a later time and send a numher of messages in order of four designated priorities, to multiple addresses.

Kept in store are up to 3,000 codes of frequeotly called numbers to speed up addressing and routing. Up to 500 group addresses cao also he handled in this way.

The system will also produce reports and analyses of traffic.

● SAFETY

Spread of flame prevented

A COMPANY that has specislised to date in fire detection and alarm systems, Chloride Gent, is now also to offer a range of fixed gaseous extinguishing equipments.

Sucb systems are used in "risk" areas (for example, containing electrical equipment) where water cannot be used. They rapidly stop flame spread and can ha used on most common combustible materials. The gases used, Halon 1301 or carbon dioxide, are non-condnctive, non-corrosive and leave no residue so that, after a release only ventilation of the affected areas is needed before staff can re-enter.

The company is offering both total flooding systems, in whicb an enclosed space is filled with gas at the proper concentration, or local application equipment wbere the gas discharges directly on to the hazard. Any required distribution pipework is designed by computer program.

Systems can he provided in sizes to suit most applications.

Chloride Gent is at Temple Road, Leicester, LE5 4JF (0533 730251).

Pulley block testing machine

A HYDRAULIC pulley block testing machine which will simulate the raising and lowering of a deadweight load has beeo designed by Ropequip of Pedbam Place Estate, Wested Lane, Swanley, Kent. (0322 67431).

While the machine's main function is the testing of hand chain blocks and electric blocks, it can also serve as a general *tensile proof testing machine* for short slings, hooks, shackles, eyebolts and beams.

It has two independent hydraulic circuits, one for high and one for low load applications. Each circuit bas its own direct-reading load dial wbich indicates the load applied during both the raising and lowering of the block. Snatch and running tests are catered for.

Operatioo of the machine is said to be simple. The hlock is introduced into the machine and with the rams completely run loto the cylinder the test load is set on the load dial. The hlock is connected to the ram crosshead and the operator hauls manually on the blocks in the normal manoer. Machine capacity is 30 tonnes.

● METALWORKING

Brightening the image of British brass

THIS PAGE's report last month on the dilemma facing British brassfounders—ruthless competition from foreign imported merchandise—has evoked a response from a UK company which aays that the alternativa to a radical cbange within this traditional industry is almost certainly its extinction. . .

Michael Nairn of Rautomead, 2 Balindean Road, Dundee (0382 457688) saya he has a solution which will "push the Continentals back into the English Channel," and that his company's process promises to breathe new life into long-established companies and enable their competitive edge to he restored.

Pattern of trade for many years in the British brass industry has been that major metal manufacturers supply semi-finished rod products to the brassfounders who then make a multitude of stamped and machined parts for general use. Semi-finished rod products are prodnced from continuously cast billets which are then re-heated and subsequently extruded.

Because of the high capital investment involved, this process lends itself to large-scale centralised industrial manufacture, and major metal makers also buy back brassfounders' arisings of scrap and swarf for reprocessing — this can amount to 20 to 40 per cent of semi-finished rod purchases.

Brass and other non-ferrous rod products may also ba produced by a process of continuous castings and, in this way, one heat process is avoided.

Prejudice exists in the brass industry against continuous cast brass products, says Rautomead, because of inferior quality control associated with certain of the earlier products of this type.

However, high quality brass products—hoth for hot stamping and machining—can be produced by this method with the application of new technology in continuous casting and rod finishing, assures the company. Moreover, continuous casting has certain advantages over extrusion in terms of the machining characteristics of the resulting rod products, in a lower cost of production, and in the economics of small-scale prduction.

Following its observation of the wide differential between the prices which the brassfounding industry was asked to pay for its products and the prices it received for its arisings of scrap and swarf, Rautomead began developing an integrated melting and continuous casting machine about four years ago.

Specific essentials were that the machine was to be of such capacity, physical dimensions, fool-proof design and capital cost, that would make it suitable for installation hy hot brass stamping and machining companies.

By enabling such companies to re-cycle their own arisings of hrass and scrap swarf—supplemented with market purchases—it was anticipated that they would arrive in the position of self-supply of most, if not all, of their requirements of semi-finished rod products and gain a substantial saving in overall metal costs.

Several of these continuous casting machines have now been built and commissioned and the latest model is presently under construction for a Midlands-based brass machinist.

The material has been thoroughly tested and judged satisfactory to British Standards Specifications, says the company. Rautomead has also co-operated with other British makers in perfecting the finished processes needed to prodnce hrass machining rod.

Capacity range of its continuous casting equipment is 10 tonnes to 50 tonnes a week, depending on specification and utilisation. Investment required is in the range of £50,000 to £150,000—and Rautomead says this outlay is likely to be recovered in less than two years, and the saving in metal costs by in-plant re-cycling of scrap and swarf can exceed 20 per cent.

DEBORAH PICKERING

● INSTRUMENTS

Quick check on programs

INTRODUCED BY Teleprinter Equipment is a hand-held solid-state numerical control tape checker that allows a tape to he verified rapidly against the basic manuscript for faults and can also he used for minor editing at the numerically controlled machine tool.

Weighing just 10 oz and measuring only 3.5 x 4.6 x 2 inches, it has a large liqnid crystal display and comes with nickel cadmium hattery and charger.

One option is a programmable character counter. Eight miniature program switches allow a code to be entered for a particular character which tha user wishes to locate.

Each time the programmed character is detected on the tape it is counted on a separate liquid crystal display.

Operation of the checker is simplicity itself. The tape is placed in the reading slot and as soon as the feed hole is sensed by tha unit the number, letter or symbol represented by the coded data symbol will appear on the liquid crystal display.

Tape can he pulled through the unit in either direction; a positive, mechanical index prevents tape mis-alignment.

Further information from: Teleprinter Equipment, 70-82 Akeman Street, Tring, Herts., HP23 6AJ. Telephone: Tring (044 282) 4011.

Analyses the image

A FULLY computerised television image analyses system, tbe 800, has heen put on the market by Dynatech Lahoratories, Daux Road, Billingshurst, Sussex RH14 9SJ (040831 3381).

Wherever a closed circuit television camera can be hrought to bear the instrument allows counting and sizing of objects, ares and perimeter measurement, automatic sizing hy area or perimeter, and the determination of relative amounts of object material by integrated density methods.

Two 12-inch monitors are provided on the operating console; one displays alpha-numeric data and allows interaction between user and instrument while the other shows the field under analysis. Menu prompting allows selection for image counting, measuring and classification at the touch of a key.

In addition, a light pen allows direct interaction with the image. It is possihle to write, erase isolate and infill objects and areas on the screen by touching the pen against the tube face. Outputs are provided for feeding printers and computers.

Registers elapsed time

WEIGHING ONLY four oz and with a froot panel only 38 mm square, a miniature hour meter from Sangamo Time Cootols is designed to register the numher of bours during which an electrical circuit, equipment or machine has been functioning.

The cyclometer dial will indicate up to 9999.9 hours after wbich it re-sets to zero. Figures appear in white on a black hackground, with tenths of an hour in orange on a black background.

Likely applications will include measurement of plant and machine maintenance intervals, and life testing.

Standard voltage ratings are 100/125, 200/250 and 380/450 volts, at 50 or 60 Hz. Special voltages can be supplied if needed.

More from the company at The Industrial Estate, Glasgow, Renfrewshire (03552 33936).

Measures the distance

A PARTICULARLY compact version of the Kern infra-red distance meter, the DM-102 has heen developed and is available from Survey and General Instrument, Fircroft Way, Edenhridge, Kent TN8 6HA (0732 864111).

These instruments measure range by emitting a pulse of infra-red radiation; this is returned hy a reflector placed on the target ohject and, hy comparing emitted phase with returned phase the distance is obtained.

The latest version, however, can be used in conjunction with Kern, Wild, Zeiss Jena, Sokkisha and most Hilger and Watts theodolites, enahling both angle and distance data to be ohtained from, in effect, one instrument. The DM-102 is attached to the telescope of the theodolite using a telescope adaptor, an operation which takes only a few minutes. There are no lengthy setting up procedures and with suitahle reflectors distances np to 2,000 metres can he measured to accuracies of a few millimetres.

● CONTROL

Stops the air flow

MADE OF steel, and specially developed for applications wbere high corrosion resistance is vital, is a new range of air-operated ¼-turn valve actuators from Hytork Actuators, 11 York Road, Gloucester (0452 418291).

An order for 300 of the company's Hyresist units has been received from Brown and Roots Inc. (the American main contractor to Mobil in the North Sea), for use on Statfjord 'B' Platform in the Norwegian sector.

The actuators are fail-safe spring return type and their function is the operation of fire damping mechanism on air ducts to stop the air flow and to prevent fire spreading in a location which exposes the units to particularly fierce corrosive attack. Intended primarily for valve applications, they are also equally effective on any equipment which requires 90 degrees rotary movement.

Range consists of three types—double acting, fail safe spring return, air fail safe—and cover torque requirements of 440-30,000 lbf. in.

Maker says in order to achieve a high level of protection special materials and finishes are incorporated, inclnding: pistons moly coated, steel bodies phosphated then epoxy coated, steel pinion nickel finished, steel end caps zinc plated and epoxy coated and steel springs cadmium plated.

They promise sustained reliability and minimum wear in the hostile environments encountered in offshore applications, marine installations and in chemical plant.

● PLASTICS

Encouraging designers

IN SEPTEMBER Borg Warner Chemicals (UK) is to launch a competition for UK industrial designers with prizes totalling £8,000.

Aim of the competition is to encourage designers to make more creative use of Cycolac ABS thermoplastics primarily in the fields of domestic appliances, communications equipment and automotive engineering.

Details of the competition can be obtained from John Smith, Namemakers, 53 New Oxford Street, London WC1A 1BQ. (01-836 3261.)

● COMPUTERS

VDU will work both ways

ARABIC has letters which alter shape according to their position in the word. They are written from right to left, unlike Latin letters which are written from left to right. However, numbers—even in the Arabic text—are still written from the left.

A new display system automatically selects the right shape and handles the numeral problem. Characters of either language may he inserted during operations on a string of text still with proper ranging.

The "Ascribe" operator has access to a status page which allows keyboard setting of speed required, tabulations and black on white or white on black display, as preferred. These facilities make the VDU particularly simple to set up for text processing.

A larger than usual matrix for the text (10 x 16) copes with the need for risers and descenders in the Arabic script and gives extra clarity on the screen. As the number of characters on a page are limited to 16 lines of 80 characters there are two extra pages of memory which together with the screen page give 48 lines of 80 characters in all.

The text keyboard on the Ascribe is engraved with both Arabic and Latin texts and the function keys provide two or three functions per key instead of six functions. This makes operation much easier.

A specially adapted matrix printer has been developed and is available to provide hard copy of the text.

Terminal Display Systems, Hillside Whitebirk Estate, Blackburn BB1 5SN. 0254 662244.

JOINT COMPANY ANNOUNCEMENT

AAC

ANGLO AMERICAN COAL CORPORATION LIMITED (AMCOAL)
VRYHEID CORONATION LIMITED (VRYHEID)

(Both incorporated in the Republic of South Africa)

At the separate meeting of members of Vryheid, other than Amcoal and its subsidiary company, beld on July 14 1980 a resolution was passed agreeing to the proposals submitted to the general meeting referred to below.

The general meeting of all members of Vryheid held on the same day approved the resolutions in terms whereof:

—Vryheid'a articles of association will he amended to enable conversion of its ordinary shares into redeemahle preference shares and to provide for the terms of redemption of those shares and the payment of dividends on certain of the preference shares only;

—the 3 234 028 issued ordinary shares in Vryheid held by shareholders other than Amcoal and its subsidiary company will he converted into the same number of redeemable preference shares on the redemption of which there will be payable (i) a capital payment of 360 cents a share in cash ar (ii) a special dividend payment of 310 cents a share in cash immediately prior to redemption and a capital payment of 50 cents a share in cash on redemption; and

—Vryheid will allot and issue to Amcoal or as it directs such ordinary shares of 50 cents each in Vryheid at par, plus such premium as is necessary once the election for the alternative proposals bas been completed.

It is confirmed that the date on which the proposals should hecome operative will be July 28 1980. The last day for Vryheid shareholders to register for purposes of the proposals will be July 25 1980. Vryheid will accept duly completed documents for the registration of transfers of shares in its capital until the close of business on July 25 1980. For this purpose duly completed documents enclosed in an envelope postmarked with a data not later than July 25 1980 will be accepted hy Vryheid provided they are received by not later than July 30 1980.

Vryheid shareholders who wish to elect Alternative B are required to send in election forms together with their share certificates or other documents of title by not later than 1600 hours on July 25 1980. Shareholders who fail to send in election forms hy 1600 hours on that date will receive a capital payment of 360 cents a share under Alternative A. In order to enable such sbareholders to receive payment they should surrender their share certificates or other documents of title as soon as possible to Vryheid's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, 2001 (P.O. Box 61051 Marshalltown, 2107).

Cheqnes in paymant of the consideration and dividend in terms of the proposals will be posted:

(i) on August 8 1980 in respect of the surrender of documents of title prior to the operative date;

(ii) within 14 days of the receipt thereof in respect of the surrender of documents of titla on or after tha operative date.

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Consortium Banks

The concept behind the creation of consortium banks—to provide their member bank constituents with greater manœuvre in the field of international lending, particularly in the Euromarkets—is being increasingly questioned. Evidence of this accumulates, notably in a more restrained posture in world finance.

Growing debate about future

By Michael Lafferty

MR. DAVID MONTAGU caused quite a stir in the City last October when he announced his resignation as chairman and chief executive of Orion Bank. During the six years he had been with Orion the bank had become one of the most successful of the Euro-currency consortia. By 1979, however, he had concluded that Orion did not have a long-term successful future as a bank owned by a group of other banks.

He would have preferred to see Orion bought outright by one of its main shareholders and then developed into an international investment bank. But his shareholders, which include National Westminster Bank and Chase Manhattan, disagreed. Mr. Montagu felt obliged to resign.

Last month a similar event was played out at another of the more successful consortium banks. Mr. Staffan Gadd resigned as chief executive and managing director of Scandinavian Bank. The cause, once again, was believed to be policy differences with shareholders.

Both Mr. Montagu and Mr. Gadd became involved in shareholder collisions, the dread of all consortium bankers, because their views about the future of their banks differed from those of their shareholder banks. Both events highlighted only too well the dilemma which faces the management of almost all consortium banks.

Typically, their banks have been set up for some specific purpose, mainly to act as a vehicle for medium and long-term international lending for their shareholders. Over the years these shareholders have themselves often grown to a size when they no longer need the consortium for this purpose. On top of this, the rewards of syndicated lending have acted as a spur on many banks to seek new and more profitable areas of activity.

In the case of Scandinavian Bank Mr. Gadd had argued that an involvement in domestic Scandinavian banking provided a suitable avenue for further growth. This would have meant that the bank would be competing directly with its own shareholders. Not surprisingly, the shareholders did not like the idea, believing instead that Scandinavian Bank should continue to concentrate its efforts in the international financial markets.

Mr. Montagu saw a merger of Orion, with its expertise in international lending and investment banking, and County Bank, the NatWest UK merchant bank, as one potentially attractive solution to his problems. He also suggested an outright purchase of Orion by Royal Bank of Canada, another shareholder. Mr. Montagu believed that Orion could go on to even greater things with the muscle of one major shareholder behind it.

The two cases demonstrate all too clearly why many people have come to the view that the Eurocurrency consortia have, at best, only a limited future. The problem quite simply is this: what should the consortium banks do once their original objectives have been met?

Conflict

The *truth may be that* many consortium banks simply take on a life of their own, seeking out niches here and there which will not bring them into conflict with their shareholders. At least one such bank is now considering entering into the UK corporate lending market, where its shareholders have no interest.

Another well-known consortium bank which has been in existence for little more than six years in the City is already admitting that the purpose for which it was originally created no longer exists. At the same time it has no plans for shutting up shop. On the contrary, its management looks upon the bank as having an existence in its own right. "We have to plan their own careers and take account of the aspirations of our staff by keeping the business going," senior executives say.

The constantly changing environment in which the consortium banks operate was evidenced only too well by yet another development over the past year. Midland Bank, one of the world's most committed consortium shareholders, admitted that it could no longer rely solely on consortia for the furtherance of its international ambitions. Now Midland talks of having a dual strategy in international banking, partly involving its own ventures and partly based on the EBIC club's numerous consortium banks.

By any standard the consortium banks operating in the Euro-currency markets are fairly unusual creatures. The people they employ as directors and managers often bear more resemblance to merchant bankers than the people who work in their shareholder commercial banks. But much as many consortium banks in the City like to talk like merchant bankers about greater involvement in fee-earning activities, indications are that almost all these banks still rely for virtually all of their income on lending.

A major problem which any analyst seeking to compare individual bank results faces is the quality of the information disclosed by the consortium banks. MAIBL, one of the largest still does not reveal enough information about its various provisions—despite its claim to have given up its rights to smooth profits and maintain secret reserves. Other banks, while having no such privileges, still like to boast secret reserves —without possibly realising the implication of what they are saying.

At this point it is worth recalling that one of the motivations behind the formation of some of the earlier consortia was to provide shareholders with so-called off-balance sheet vehicles for medium-term lending. Back in the sixties, it appears, this type of business was not considered prudent for well-established commercial banks. But it appears that there was nothing wrong with channelling it through a consortium-owned bank.

The effect of putting lending through an associate bank in this way is that it is never taken into the shareholding bank's own balance sheet. The shareholding is simply shown as an investment either at cost or possibly on the equity accounting basis for associate stakes.

Distinction

Behind some of the more successful consortia lie a series of clubs with names like EBIC, Abecor, Inter-Alpha and Europartners. Here a broad distinction can possibly be drawn between the EBIC group, which includes names like Deutsche Bank and Midland Bank, and the rest.

For despite Midland's determination to develop its own operations internationally, the fact remains that the EBIC shareholders still remain the most committed to the consortium banking concept. Their interests involve not just the series of Eurocurrency banks with names like BEC and European Banking Company but extend also to the field of traditional commercial banking through ownership of European-American Bank in *New York. This is the old* Franklin National business.

The various EBIC consortium banks are backed by a fair amount of co-operation. For example, the shareholders are agreed that they will never compete in domestic retail banking against each other.

The same cannot be said, however, of other areas. In the U.S. at present Deutsche Bank operates in the same city as European-American, though it is claimed that their markets are still substantially different. In addition to this Midland Bank is putting a lot of effort into its search for a suitable U.S. takeover.

Looking ahead to the longer term the chances must be that the various EBIC consortia will eventually run into the same conflicts as consortium banks and their shareholders in other cases.

At the end of the day, the depressing question remains this: Is there a future for the consortium banks? One of the men best placed to answer that question is Mr. Alec Dibbs, a deputy chairman at National Westminster Bank. He was closely involved with the creation of Orion Bank and has sat on its board since its formation. He was also closely involved in the Montagu affair. "The number of consortium banks will be very much reduced in the next five to ten years, in my opinion," he told the Financial Times in an interview last October.

In public Mr. Dibbs, like some senior colleagues, professes little concern about the immediate future for Orion. "As far as Orion is concerned, the shareholders are thoroughly happy and would expect Orion to last well beyond that period." That said, one is left with the impression that Orion's existence or otherwise will make very little difference to NatWest or its fellow-shareholders' future.

TWENTY TOP CONSORTIUM BANKS

	Year end	Total assets (£m)	Capital funds* (£m)	Pre-tax profits (£m)	% increase in total assets on yr.	% increase in pre-tax profits on yr.	Loans as % of deposits	Loans of less than 1 yr. as % of total loans
UBAF	31/12/79	1,806	34.9	7.1	10.9	15.1	103.6	83.5
Banque Europeenne de Credit (BEC)	31/12/79	1,562	63.8	9.1	6.6	12.5	7.5	n.a.
Orion Bank	31/12/79	1,232	60.9	8.5	10.5	−16.1	83.6	41.5
Nordic Bank	31/12/79	1,229	100.3	10.0	15.0	25.0	75.4	34.3
Scandinavian Bank	31/12/79	1,211	74.0	9.3	9.3	12.9	57.8	32.6
MAIBL	31/ 3/80	1,118	54.3	10.6	14.5	9.3	51.8	23.9
Saudi International Bank	31/12/79	785	41.6	5.5	61.0	78.8	30.8	n.a.
European Asian Bank	31/12/79	739	32.8	5.2	37.0	18.0	35.0	n.a.
Arab African International	31/12/79	642	57.5	6.2	14.8	8.9	n.a.	n.a.
Gulf International Bank	31/12/79	640	52.9	2.9	88.0	82.0	43.0	n.a.
Arab International Bank	30/ 6/79	537	82.1	12.9	10.0	1.0	44.6	59.0
Banque de la Soc. Fin. Europeenne	31/12/79	530	250.4	5.7	4.7	−5.5	47.9	n.a.
International Commercial Bank	31/12/79	521	32.8	6.7	3.1	−1.4	n.a.	n.a.
Libra Bank	31/12/79	520	29.0	10.2	15.7	32.5	81.9	27.2
European Arab Bank	31/12/79	484	13.8	1.8	25.9	−1.7	39.8	20.5
Associated Japanese Bank	29/ 2/80	465	26.5	3.5	1.5	−4.4	55.6	27.2
United Bank of Kuwait	31/12/79	450	23.2	2.7	13.6	—	102.4	97.2
European Brazilian Bank	31/12/79	441	23.7	6.7	14.1	22.1	80.5	23.3
Japan International Bank	31/12/79	388	20.5	3.1	1.2	1.3	65.1	16.2
Allied Bank International	31/12/79	378	22.1	4.3	5.8	31.4	n.a.	n.a.

* Shareholders' funds, including subordinated debt.
Source: 1979 annual reports andindividual banks.

OWNERS OF THE BILLIONAIRES

UBAF
Arab Bank; Banque Exterieure d'Algerie; Commercial Bank of Syria; Libyan Arab Foreign Bank; Rafidan Bank; Central Bank of Egypt; Arab African International Bank; Bank du Maroc; Alahli Bank of Kuwait KSC; Riyad Bank; Ministry of Finance and Petroleum (Qatar); National Bank of Abu Dhabi; Bank of Jordan; Sudan Commercial Bank; Jordan National Bank; Bank Audi SAL; Bank G. Trad (Credit Lyonnais) SAL; Alahli Bank CSC; Banque Centrale du Mauritanie; Goverment of the Sultanate of Oman; National Bank of Yemen; Yemen Bank for Reconstruction and Development; Bank of Bahrain and Kuwait BSC; Central Bank of Somalia; Societe Tunisienne du Banque; Central Bank of Yemen; Credit Lyonnais; Banque Francaise du Commerce Exterieure; Banque Generale de Phenix.

BEC
AmRo Bank; Banca Commerciale Italiana; Creditanstalt-Bankverein; Deutsche Bank; Midland Bank; Societe Generale de Banque; Societe Generale.

Orion Bank
Chase Manhatten; Credito Italiano Holding; Mitsubishi Bank; National Westminster Bank; Royal Bank of Canada; Westdeutsche Landesbank.

Nordic Bank
Copenhagen Handelsbank; Den Norske Creditbank; Kansallis-Osake-Pankki; Svenska Handelsbanken.

Scandinavian Bank
Skandinavinska Enskilda Banken; Bergen Bank; Union Bank of Finland; Den Danske Bank af 1871; Den Danske Provinsbank; Skanska Banken; Landsbanki Islands.

MAIBL
Midland Bank; Toronto Dominion Bank; Standard Chartered Bank; Commercial Bank of Australia.

Pressure on margins

PROFITABILITY

BARRY RILEY

LONDON-BASED consortium banks had to fight against some serious difficulties last year in seeking to improve their profitability. Sure enough, a number of them—including Orion—reported slightly lower profits, but many managed to achieve surprisingly large improvements.

The international lending market became extremely competitive, with margins shrinking markedly on good quality business, and margins over LIBOR sometimes narrowing below three-quarters of one per cent. Meantime the dollar, the currency in which most of the business of consortium banks is transacted, was in a weak phase—especially against sterling, the currency in which they report their results and also the currency in which they pay most of their operational costs.

The combination of accelerating UK inflation and a strong pound naturally put pressure on operating profits. And translation into sterling at a year-end rate of $2.22 rather than $2.04 12 months earlier was distinctly unflattering both to assets and earnings. European Banking Company pointed out that had the average sterling/dollar rate remained unchanged operating earnings would have shown a rise of 25 per cent compared with the actual improvement of less than 4 per cent.

A number of consortium banks, however, benefited from the injection of higher capital or from acquisitons, allowing them to expand the scale of their operations.

Many have been active in managing or co-managing loan syndications, an activity which generates fee income and may help to offset the impact of shrinking margins. But to the extent that these fees are front-loaded rather than being spread over the life of the loans they may serve only to delay the full impact of more competitive conditions.

Many consortium banks are poor at disclosing their detailed accounting policies in this and other areas so it is not entirely safe to assume that like is being compared with like. However, at least the London consortium banks do not resort to secret reserves like many of their foreign counterparts, and banking analyst Mr. Robin Monro-Davies, of IBCA Banking Analysis, declares himself generally satisfied with the quality of the reporting of profits. "If you sent your own accountant in it wouldn't make much difference," he says.

The only London consortium bank which had the right to maintain hidden reserves, MAIBL, this year voluntarily gave up the practice and went over to a more fully disclosed basis. Like similar banks, however, MAIBL is still very discreet on the subject of the size of the loan loss reserves it maintains.

Clearly one way of boosting profitability in current competitive conditions is to take on large amounts of lower quality loans which still carry quite high margins. If the risks are not reflected in the appropriate high level of provisioning, profits could for a time look misleadingly buoyant—until some of the credits turn sour.

Specialisation

The risks could be said to be high in some parts of South America, for instance, which has been an area of high growth for several banks. Yet Libra, for example, pointed out in its annual report that it "did not seek to play an active role in the large syndicated sovereign risk market which was characterised by steadily declining spreads and lengthening repayment periods."

In fact one key to success appears to be a degree of specialisation, whether regional—like Libra and another Latin American specialist Eulabank—or in, say, project finance.

ICBA's study of the 1979 results of the consortium banks suggests that the two Latin American specialists Libra and Eula bank are the most profitable in terms of net income as a percentage of equity assets. They return 24 per cent and 18 per cent respectively on this basis. Orion also comes out well on this measure at some 15 per cent, despite its profits setback.

But a large number of consortium banks struggle along with returns on equity of under 10 per cent, which can hardly be regarded as satisfactory in an inflationary and risky period.

And the Iranian position is far from being clear. Last year this problem naturally affected Iran Overseas Investment Bank, which reported a 29 per cent profits drop. In drawing up these accounts against a background of uncertainty the directors assumed that the 30 per cent of the loan portfolio advanced to institutions in Iran "will be recovered in the normal course of business without loss."

In balance sheet terms the extent to which consortium banks have established loan loss reserves is hard to assess. "There is no evidence that consortium banks have had large loan losses" says Robin Monro-Davies. But he criticises the "extraordinary variation in disclosure."

One or two of the banks, like Saudi International, give details of provisions for bad and doubtful debts, and a few more disclose an analysis of the geographical spread of lending. But there is no consisistent pattern of disclosure, and the consortium banks appear to be under comparatively little pressure at the moment to publish information of a quality that could allow their operations to be properly assessed.

As for the current year, the generally difficult conditions look likely to persist. Sterling has strengthened further against the dollar, and the big pay awards by UK clearing banks must have had a knock-on effect among the consortium banks. But at least lending margins have not shrunk any further, and there is a chance that some banks could have made money out of the fall in dollar interest rates since the first quarter, though many of them maintain broadly matched books and so will have seen little benefit.

PROFILE
David Montagu

MR DAVID MONTAGU'S resignation from Orion Bank last October sent more than a few ripples through the City's banking establishment. The reasons for his departure—disagreement with his shareholders over the long-term viability of the consortium banking concept—were found particularly interesting. For Mr Montagu had, after all, been one of the most successful consortium bankers during his reign as Orion's chairman and chief executive.

From Orion Mr Montagu went to Merrill Lynch as chairman of Merrill Lynch International Bank. Now he faces a new challenge: to develop for Merrill an international financial services group outside of North America.

Because of his experience few bankers are as well placed as he to judge the issues in consortium banking. Here are some of his views, given in an interview with the Financial Times:

The Clubs and the Grand Design
"They all started with the right idea. But the financial world changed. So their raison d'être became somewhat anachronistic. I've never been a very club-minded person."

Orion's Success
"The reason why Orion was always considered outstandingly successful was because of the independence of our management. We had top people and did not depend on our shareholders' patronage."

Advantages of the Consortia Now
"The one thing they have is a club atmosphere, and I desperately underestimated the importance of this. It does allow major commercial banks from different parts of the world to exchange information and views."

Orion's Business
"Orion got 98 per cent of its own business. The shareholders got business opportunities from Orion, rather than the other way round. But in the end they did not really need Orion."

New Purposes for Consortia
"There are new purposes for the consortium banks, such as international financial engineering. My point is proven by the lack of success of the commercial banks' own merchant banks. The sadness is that only one or two banks—Orion and European Banking—are going that way."

Expansion
"Consortium banks can take on a life of their own provided the shareholders' commitment is there for expansion. Once these banks have established an identity of their own they need to expand, not only because of the commercial reasons but to develop careers for the people that work in them."

Life at Orion
"The happiest years of my business life were at Orion. We had a fantastic team and great freedom. I was desperately sorry to leave. But it was desperately lonely at the top once our views diverged."

Consortium Banks I Admire
Libra, for doing a good job and running a tight ship; MAIBL for sticking to its last; and Scandinavian Bank and BEC."

M.L.

Forum for co-operation

THE CLUBS

PETER MONTAGNON

WHILE THE consortium banks were formed basically for the concrete advantage of banks being able to do business on a joint basis, the concept of the club, at least where European Banks International (EBIC) was concerned, was much more grandiose.

EBIC owes its origins to the political movement for a united Europe. As national frontiers within the Continent opened up it was conceived as the nucleus of a united bank of Europe, a bank which given the stature of its seven members would have been enormous in size.

It began with a European Advisory Committee set up by four major banks in the late 1950s. Holland's Amsterdam-Rotterdam Bank, W. Germany's Deutsche Bank, Britain's Midland Bank and France's Societe Generale de Banque met regularly to discuss matters of common interest.

Since then, of course, it has become clear that the original concept of a united bank is not such a viable aim. While the basic commitment to the European ideal still remains a theme, EBIC has emerged as a close co-operation of seven major European banks.

The co-operation exists not only through regular meetings and consultations among members but also through a number of consortium banks which the group has established.

The largest of these is the Brussels-based Banque Europeenne de Credit, which is now the fourth largest bank in Belgium. Other banks in the EBIC group are European American, European Asian, European Banking Co., Euro-Pacific Finance Corp. and European Arab Bank. All these banks are big enough to generate business and frequently they introduce proposals to their shareholders.

More than this, however, the regular meetings and consultations between EBIC members have led to a very high degree of friendship and trust at all levels within the partnership. "People get to know each other very well on Christian-name terms," says one member.

Obviously this sharing of experience is very useful for the banks in a general business sense. Equally important is the assistance they can give each other over individual projects within the club. Within EBIC a so-called "club deal" in international markets can really be just that.

Similar advantages accrue to other clubs such as Abecor, Inter-Alpha and Europartners. Abecor, for example, is also a European grouping, even though it was not formed with the same strong ideological basis as EBIC.

It differs also from EBIC in that it has not spawned its own consortium banks. In fact Societe Financiere Europeenne, whose shareholders loosely parallel the membership of the Abecor group, was formed before the group itself.

Here the emphasis is therefore much more on co-operation between individual banks. Abecor members have a formal arrangement called Abecor Credit whereby member banks provide credit to subsidiaries in their own country of customers of other Abecor banks abroad.

At the same time the Abecor group runs a joint training centre in Bad Homburg, near Frankfurt. It shares economic research between member banks, and most importantly it also undertakes joint marketing efforts at a number of major international trade fairs.

The benefit to the banks is clear. Equally there is also a benefit to their customers. At the same time the clubs do not run the risk of shareholder collision that has emerged in a number of consortium operations. For this reason their future seems pretty well assured in today's complex world.

CONSORTIUM BANKS III

Closely identified with money market

FUNDING

PETER MONTAGNON

BY THEIR very nature consortium banks depend heavily for their funds on the Eurodeposit market. They are not retail banking operations, and only run deposit accounts for their customers in a very limited way. Their position in the money market is thus of paramonnt importance.

Most of the long-established and successful consortium banks have thus built up an identity af their own in the money markets. They operata independently of their shareholders and rare Indeed are the occasions when they have to rely oo them for funds.

But in a sense the consortinm banks both have their cake and eat it where funding is concerned. Becaose they operate independently of their shareholders the funds they take from the market do not accrue to the exposure limits to their shareholders laid down by the lending banks.

At the same time the backing they receive from their sbarebolders usually means that they are able to obtain funds from the market in greater amounts and at a better rate than they would achieve on the basis of their size and balance sheats alonc.

Prescribed

In London the shareholder backing is formally prescribed. Shareholders of consortium banks operating in the City have been required to submit to tha Bank of England a letter undertaking to support the bank if necessary in a pro rata proportion to their holding.

Over the years, therefore, the consortium banks have thns been able to develop for themselves a good image in the Eurodeposit markets. Scandinavian Bank, for example, is still proud to recall tbat it was a oet provider of funds to tbe deposit market at the time of the Herstatt crisis in 1974.

The collapse of the Herstatt Bank in Cologne had a ripple effect throughout the deposit and foreign exchange, markets. Banks began to revise thc lists of addresses to which they were prepared to lend and in a short space of time even some well-established institutioos fouod it hard to obtaln funds wlthout paylng an exceptlooally high rate.

To maintain the strength of their balance sheets many coosortium banks have issued subordinated longer term dcbt which allows an expansion of business without lncreasing gearing in a prudential sense.

In May Scandinavian Bank went one step further wben it issued such debt in the form of a £20m ten-year floating rate note. This was the first such lssue in the Eurosterliog market since the Bank of Eogland lifted restrictions on such issues ahead of the unwinding of its "corset" credit controls.

In the event the issue met with a slightly muted initial response from the market. This may have been partly due to the fact that it was an lnnovation, and partly also to thc fact that floatlng rate issues are not necessarily the best investment at a time of a cyclical peaking of interest rates. But anotber reason advanced for the cautious response was that the name of the hank was not sufficieotly welt known to a broad spectrum of investors despite the ease with whicb it evidently operates in the money markets.

It seems likely that as they increase ln size and stature a number of consortium banks wilt try out new methods of funding. BEC, for example, iotends to issue cooimercial paper in the U.S. This bank would come to the market with the backing of some of the largest and best known shareholder banks in Western Europe.

But a sbadow hanging over the consortium banks in Loodon wbere funding is coocerned is the Bank of England's proposals on liquidity. Tbese set down strict guidelincs for the matching of maturities betweeo liabilities and assets. Their implementation would have severe repercussions on tbe medium-term lendiog market in whlcb the consortium banks are basically involved. Now that otber banks are also heavily committed to this market tbe problem is not just ooe for the coosortium banks alone. Their sharebolders as well as tbey themselves are waiting impatiently for the outcome.

Financial muscle of their own

MOTIVATION

PETER MONTAGNON

THE CONSORTIUM hanks can be regarded as the children of the Euromarkets. They wera fathered in the late 1960s as their shareholder banks realised the potential for growth in medium-, and long-term international lending, but now in many cases the shareholders themselves have acquired the skills their consortia pioneered. For the consortium hanks this means new efforts to establish a firm position as fully fledged members of the financial community.

Reluctant

The very earliest consortium banks were set up because their shareholder hanks were reluctant to place longer term foreign assets on their balance sheets. They saw, correctly, the enormous potential of such business but felt the risk too great for them to handle alone. Co-operation with othar banks seemed the best solution.

At the same time a number of banks in Europe felt that co-operation would give them a financial muscle more equal to that of the largo U.S. banks. This was one of the motivations behind the formation of the clubs such as EBIC. which in turn gave birth to more consortium hanks.

Finally, as the international credit markets developed, a need emerged for greater regional specialisation. This lad to the formation of other banks whose business concentrated on specific areas of the world.

For a number in this latter category the original motivation is still utterly valld today. Banks such as Libra, Fulabank, Intermex and Eurobras will not in the foreseeable future be short of husiness. Tbe capltal import requirements of Latin American countries in which they specialise will contimue to be so large that they need have little fear of being squeezed out hy their shareholders.

But for some other banks whose husiness is more general the future is not necessarfly so secure. Some have already fallen by the wayside; others must learn to continue to offer their, shareholders something which they do not already have themselves. They must do this in a way which does not offend their sbareholders.

Says Orion Group chief executive, Jeff Cunningbam: "Our shareholders percelve us ln terms of what we can offer them . . . We have to develop resources they haven't got."

This clearly means that to he successful a consortium bank must continually be able to develop new skills and expertise in international investment banking. Of course, lt must also be able to offer profits.

Soma bankers tend to see the profits side of consortium banking as less important because in absolnte terms the amounts are small. In fact the sbarebolders do attacb considerable importance to profits. Midland Bank, for example, considers its 45 per cent stake in Midland and Internatiooal Banks (Maibl) to be "a very good investment in terms of return." The sama would be true of its holdings in other consortia through its membership of the Ebic partnership.

Sometimes, eveo today, special situations arise wheo the consortium bank can be a very useful medium for lts shareholders. Japanese banks, which were more or less forced by their government to withdraw from syndicated lending last winter, were still able to preserve thelr relationships with their borrower customers through boldings in consortium banks outside Japan. A similar argument applies to U.S. banks at a time wben their lending policies are subject to Federal Reserve restraint.

Some consortia are in themselves special cases. One of these is Saudi International Bank, which is 50 per cent owned by the Sandi Arabiao Monetary agency. This bank is too small to act as a major vebicle for recycling oll surpluses bnt it does act as an lmportant window on the financial world of Saudl Arahia.

Expertise

Moreover, the hank can offer its customers who do husiness in Saudi Arabia some special expertise in the country. It bas also been active in arranging large private placements in Saudi Arabla for major multi-national concerns. Now it also plans to become more active in international lending.

For a bank such as this the future seems very secure, but this cannot obscure the fact that there is a significant body of hanking opinion whicb believes the consortium philosopby is reacbing the end of its useful life. For the consortia to overcome this will require strenuous efforts. Only those with a special combinatioo of creativity and diplomacy can be sura of a place in the financial world of tha 1980s.

Few challenges to London

CENTRES

IAN RODGER

WHAT IS tha main disadvantage of Brussels as a centre for operating a consortium bank, Dr Hanns Kippenberger, managing director of Banque Europeenne de Credit, was asked.

"It is not London," Dr Kippenburger replied without the sligbtest hesitation.

"When we started in 1967, the hulk of the international companies, such as ITT, Genaral Motors and Ford, were operating in Brussels. We thought we were well placed."

Eventually, however, the Eurocurrency markets were drawn to London, and Dr Kippenberger now finds that he can talk of only the practical virtues of Brussels.

"We are two hours from every major ceotre on the Continent and, since most of our eustomers are European, that means we can be very closa to them," he said.

"It is easy to recruit personnel, and they tend to speak two, three or four languages. Office space costs a tenth of London priees, and housing is very reasonable."

BEC remains one of the few consortium banks to have its headqnarters outside London, and like most of the others in this category, it has an affiliate in London.

"The international monetary ceotre is reckoned to be bere," said Mr Kenneth Elnfeld, managing director of the London-hased International Commercial Bank and chairman of the Association of Consortium Banks, which represents 24 consortium banks registered in tha UK.

Access

"We have access to all markets here, and the markets are batter than elsewhere. There was a time when Paris decided to be a monetary centre, but that didn't work."

Other centres where the occasional consortium hank can be found include Frankfurt, Luxembourg, Hong Kong, Singapore and, very recently, Seoul.

Tax rates are a consideration for some. As a foreign company in Brussels, BEC can have a five-year tax holiday on up to 5 per cent of new capital. Its average tax rate is 33 per cent, Dr Kippenberger said.

Another consideratioo is taking advantage of regional markets whicb may be too small to justify a direct presence by a consortium bank's owners.

THE London-based Nordic Bank has affiliates in Zurich, Hong Kong, and Singapore. Mr Jan Ankarcrona, deputy managing director, said the Asian affiliates represent the only presence of Nordic's sharebolders in that area.

Union de Banqnes Arabes et Francaises (UBAF), is based io Paris but has affiliates in London, Rome, Luxembourg, Hong Kong, and New York.

UBAF is prohably the largest of tha consortium hanks hased outside London and, as in the case of BEC, it is largely due to the bank's roots. Promoted by the French Government-owned Credit Lyonoais to strengthen links between France and the Arah world, tha hank still has strong Frenco representation, including Banque Francaise du Commerce Exterieur and Banque Generale du Phenix as well as Credit Lyonnais.

Its regional affiliates all have local participation. Midlano Bank, for example, has a 25 per cent interest in the Londoo-hased UBAF Ltd.

CONSORTIUM BANKS IV

This page carries profiles of four of the leading consortium banks—their activities provide a representative selection of the scale of international coverage.

Arab links in world network

UBAF

ALAN FRIEDMAN

LITTLE MORE than ten years have elapsed since a partnership was formed between Crédit Lyonnais and a group of Arab banks to set up Union de Banques Arabes et Française (UBAF), a project which won the approval of General Charles de Gaulle.

The banking consortium, which started with a handful of Arab and French banks in Paris, has now grown into an international network with group assets of at least $6bn (£2.7bn). Although the 60-40 (Arab/non-Arab) ratio has not changed, UBAF is now owned by almost 30 Arab banks including a number of central banks.

On the non-Arab side, banks such as Banque Francaise du Commerce Exterieur in France, Midland Bank in Britain and First Chicago Corporation in the U.S. are actively involved. The London offshoot, UBAF Bank, was set up in 1972 with 50 per cent owned by the head office in Paris, 25 per cent owned by Midland Bank and 25 per cent owned by Libyan Arab Foreign Bank. In 1979, total assets amounted to £473m.

In New York the UBAF Arab American Bank was set up in 1976 with 20 participating U.S. and Arab banks. By last year the total assets of this venture had risen to $817m (£363m).

The original philosophy of UBAF, according to a spokesman for Mr. Mohamed Abushadi, the former chairman of the National Bank of Egypt who heads UBAF, was to strengthen financial links between France and the Arab world.

But UBAF has grown rapidly beyond this initial purpose and now functions as a major consortium bank on the world scene, albeit with a distinctly Arab flavour. It was UBAF last year which played a leading role in the first syndicated loan to China of $300m. This developed soon after Mr. Abushadi and several other Arab bankers journeyed to Peking.

The group has opened branches in a number of major financial centres including Rome, Luxembourg, Tokyo, Hong Kong, Frankfurt and New York. In an effort to prove its versatility, UBAF last year even started operations in South Korea, announcing a drive to provide financing for Korean business with the Arab world.

UBAF is unusual among consortium banks in that it is not headquartered in London. London developed as a favourite base for a number of consortia in the 1970s because of the popularity of the Eurodollar market and the preference of American bankers for a location where English is spoken.

But because of the original Franco-Arab tilt Paris has remained the locus of the most important UBAF activities. There has been some grumbling among non-French partners but this has not changed anything.

It has been said that UBAF, which developed in the controversial OPEC years of the mid-1970, has a more strongly political approach than other Arab consortium banks. This view is based in part on the presence of key radical Arab banking interests from Libya, Iraq and Syria.

But a spokesman in the chairman's office in Paris commented: "We are not a political bank. We simply look for business. We are interested in improving trade between the Arab world and the West."

There can be little doubt that this is a major objective. UBAF continues to grow around the world and should play an important role in the raising of finance for key projects. Loans and advances at the London branch were on the increase in 1979 and operating profits increased by 21 per cent. Gradual diversification in both geographical and business terms should provide plenty of scope for growth.

Euromarket pioneer

BEC

ANDREW FISHER

CAUTION AND selectivity is the watchword for Banque Européenne de Crédit (BEC), the Brussels-based consortium bank, in these troubled financial times. "Like all banks in the market, we are reluctant in principle to commit funds to certain customers," says Dr. Hanns Kippenberger, BEC's managing director.

BEC was set up in 1967 and specialises within the EBIC Group—European Banks International Company — in short, medium and long-term Eurocurrency loans. It was one of the first in the consortium field, starting business when the net volume of the Eurocurrency market was a fraction of today's.

Its shareholders are all major European commercial banks: Britain's Midland Bank; Deutsche Bank of West Germany; Amsterdam-Rotterdam Bank of the Netherlands; Banca Commerciale Italiana of Italy; Creditanstalt-Bankverein of Austria; Belgium's Société Générale de Banque; and Société Générale of France.

As well as the risks involved in lending to certain countries in the developing world, BEC is also concerned about the low level of margins on syndicated credits.

Even so, its contracted lending volume has risen by about a fifth so far this year, with a net rise in lending volume of around 10 per cent. Last year BEC granted loans worth BFr 26.1bn, a rise of 29 per cent; translated into dollar terms the increase was one of 31 per cent to $902m.

Most of the increase stemmed from higher loan demand from industrial customers in Europe. There was also growing demand for large project financing from non-European countries, especially in North, Central and South America, as well as from Asia.

Lending

Because of the unattractiveness of fixed interest loans at a time of high rates, BEC found last year that the share taken up by such lending fell from 24 to 15 per cent of its total term portfolio of loans and securities.

Altogether, term loans contracted at the end of 1979 were 13 per cent or so higher at BFr 73.2bn ($2.5bn). The bank was also involved in management positions for 45 syndicated loans totalling $7.2bn ($6.4bn), while its lead managing activities also expanded: it was lead manager for 17 loans representing $555m, more than double the previous year's involvement.

Apart from the funds put up by BEC's own shareholders and raised through bond issues, private placements and fixed rate deposits, the bank is also on the verge of tapping the U.S. commercial paper market.

"This will be a new but positive market for us," comments Dr. Kippenberger.

After last year's perceptible move away from Europe towards Central and South America in the granting of medium and long-term credits, BEC is now concentrating rather more on Europe and North America, as well as the Far East, according to Dr. Kippenberger.

Central and South America accounted for just over 20 per cent of the total in 1979 against less than a quarter during the previous year, while the European share was down from exactly half to just under 44 per cent. But this year's altered emphasis has still left the bank actively involved in Latin American countries such as Mexico, Argentina and Chile where lending remains strong.

In profit terms BEC is ahead by about a fifth at the net level this year. The bank discloses around two-thirds of its profits, with the rest going to reserves. The actual reported figure for 1979 was $19.6m, which was 15 per cent ahead of the 1978 total.

Total assets of BEC were $3.3bn at the end of last year, an 8 per cent advance over the previous year. At the start of the decade they amounted to less than $500m. Some 20 per cent of BEC's business, explains Dr. Kippenberger, comes from its shareholding banks, with the rest generated itself. "We never approach the same customers as one of our shareholders and offer them different conditions."

Commitment to the region

NORDIC BANK

JOHN MAKINSON

SCANDINAVIAN BANKS are naturals when it comes to consortium banking. None of the Nordic countries has a strong enough currency or sufficiently powerful economy to make much of a splash alone in the London banking market, but their common trading and industrial interests have provided the basis for two of the largest consortium banks in London—Nordic Bank and Scandinavian Bank.

The Nordic region remains a net borrower on the Euromarkets and is heavily involved in shipping finance, but despite such shared interest strains have been showing in the consortium structure. Scandinavian countries are allowing more off-shore finance for domestic clients to be executed by banks at home, undermining to a degree the role of the consortium partnerships, and the banks are individually establishing Luxembourg operations which at least potentially offer competition to the London associates.

The recent resignation of the managing director of Scandinavian Bank underline the strains in the system. But Nordic Bank claims that, far from fragmenting, the ties between its parents are strengthening.

These parents are Copenhagen Handelsbank of Denmark, Den norske Creditbank of Norway, Kansallis-Osake-Pankki of Finland and Svenska Handelsbanken of Sweden. Participation in the consortium is shared equally. Incorporated in 1971, Nordic established an early presence in shipping finance, which caused nightmares for some bankers in the mid-1970s. Nordic says it has written off only one shipping loan in its history and that the sum involved was under $1m, but it now ensures that the shipping portfolio hovers between 15 and 20 per cent of its overall loan book, a lower proportion than in its early years.

Shipping is the most profitable activity undertaken by Nordic, though this side is now being challenged by a fast-growing leasing department. In future it hopes to establish a significant presence as lead manager in the subordinated loan, Eurobond and private placement markets. Until now this has proved a hard nut to crack since offshore financing by Nordic countries is tightly controlled and often takes the form of large-scale packages by governments and governmental agencies. In such cases the major U.S. and European banks have generally stolen the thunder from the consortia and Nordic's parents are anxious to win some glory for themselves.

This situation is unlikely to change but there is still scope for managing smaller deals. Aside from issues by its parent banks, Nordic has already put together an issue for the Kingdom of Denmark and stand-by facilities for the Bank of Finland. On the credit front it recently negotiated a $78m project financing for a joint U.S./Chinese venture to build a luxury hotel in Peking.

Excursions

While the Far East is an area in which Scandinavian banks have long maintained a presence and done business, such excursions are likely to remain exceptional. Nordic's first commitment is to Scandinavia and to its parent banks. Its managing director, Mr. John Sclater, says that Nordic would rather lose business than compete with its shareholders and attributes to this attitude what he sees as the increasing closeness between the partners.

The bank's priorities are well illustrated by the fact that about 50 per cent of its book is lent directly to Scandinavian countries and a further 20 per cent to Scandinavian clients elsewhere. Mr. Sclater is determined roughly to maintain these proportions while also expanding into other areas such as Japan and South America.

By the end of 1979 Nordic showed total assets of £791m. Even if the bank continues to give priority to the Scandinavian area and to complement, rather than compete with, its parents, there seems no reason why this figure should not grow rapidly throughout the 1980s.

Loans for Latin America

EULABANK

ROBERT COTTRELL

EULABANK — the Euro-Latinamerican Bank — was founded in 1974 as the result of an initiative from Germany's Dresdner Bank which was taken up by Barclays Bank International. Its objective, says London-based general manager Mr. George M. Gunson, has been to provide "co-operation between European and Latin American banks working together to provide medium-term finance" for projects and trade within its sphere.

Over the five years to 1979 the bank's total assets have grown from £42.3m to £355.3m, with loans and advances up from £15.7m to £259.6m. Its shareholders comprise 11 European and 11 Latin American banks, with half the shares held in each region. The balanced shareholding, an original objective of the consortium partners, was finally achieved last year with the allotment of shares to Banco del Estado de Bolivia.

While some consortium banks may have found that the depressed state of the Euromarkets, where they originally flourished in syndicated loans, has meant a thinning of business over recent years, Eulabank claims a continuing buoyancy from the borrowing boom among the developing economies which it serves. The bank's growth reflects a doubling of Latin America's international trade within the last four years, says deputy general manager Mr. Herbert A. Heinig.

A feature of the consortium banking system is the degree to which the consortium can expand its operations before it encounters a conflict of interest with one or more of its own shareholders which may have an eye on the same market. The relatively broad spread of shareholdings in Eulabank should bolster its independence. But more importantly, says Mr. Heinig, within Latin America "the loan demand is much greater than any group of lenders could satisfy. Almost any bank is willing to lend money to Brazil, and Brazil is looking for any money it can find."

With market growth sufficient to satisfy both Eulabank and its shareholders, coupled with the consortium's clear-cut commitment to medium-term lending, the atmosphere among the participating banks is that of "a club, where they can pool expertise" says Mr. Gunson.

Eulabank has participants from every major Latin American economy, comprising three public sector banks and eight private ones. In 1979 it saw Argentina restructuring its short and medium-term debt with the help of increased exports and foreign capital inflows. Colombia is proving another growth economy, with sustained coffee prices supporting a high reserve position and moves to develop natural resources. For the future, Mexico's oil revenues promise a strengthening of trade and investment.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BOOK REVIEW

The revolution in portfolio theory

"THE investments profession is in the midst of a philosophical revolution," according to Robert Hagin, the vice president in charge of quantitative research at First Boston Corporation in New York.

Extensive academic studies of price movements in the stock markets have forced on fund managers across the Atlantic the realisation that the market-place is "nearly efficient." In other words it pretty well accurately reflects in its price changes nearly all the extrapolations that can be made from historical data.

So persuasive has the "efficient market theory" become that investment professionals are abandoning their fundamental analysis—the detailed investigation of the performance of a company, the sector in which it operates and the overall economy—because it will rarely throw up a prognosis which can be used to pre-empt the market.

For the same reason they are also turning away from chartism—the technical analysis of historic patterns of prices—because "there is absolutely no evidence that information of the price and volume movements of a stock over the recent past will aid in predicting the future price behaviour of the stock."

The words are Mr. Hagin's.

Whether a similar revolution is occurring on this side of the Atlantic is doubtful. But certainly, the alternative to fundamental and/or technical analysis — Modern Portfolio Theory—is being eagerly debated by UK fund managers and attendances are good at any seminar on the subject.

Modern Portfolio Theory, in its crudest form, attempts to replace the uncertain quest for shares which outperform the market with the concept of a portfolio which reduces uncertainty to a mathematical formula.

Its twin axioms are "risk" and "return." The new portfolio manager, employing his MPT theorems attempts to balance the risk and return on the basis that he can then forecast his overall performance within an acceptably narrow range.

The mathematical jargon is still unfamiliar here. Rumours abound, for instance, that at least one major pension fund has put 65 per cent of its equity portfolio under "passive management." According to Mr. Hagin, U.S. professionals would instantly recognise that it was balancing the riskier and safer elements in that proportion of its fund so as to predict an average performance overall.

Heated arguments are currently raging over the concept of the "beta coefficient" which purports to measure the sensitivity of rates of return on a portfolio to general market movements. Afficionados in this country can get away with minimol detailed knowledge because the sceptics are even more ill-informed.

Mr. Hagin's *book* then, while possibly dangerously partisan in its support for MPT, is valuable for the scholarly way in which it outlines the investment problems which gave rise to the new investment tool and describes the basic philosophy and applications of the theory.

Fundamentally broad hrusb, the book is probably more useful to the chief trustee, supervisor or general manager of a fund than to the individuals who must carry out the investment decisions. (The heavy proportion of charts and diagrams should not dissuade readers from diving in. They are remarkably clear and well related to the text).

MPT may prove only a passing theory. Meanwhile it has cogent and ardent supporters such as Mr. Hagin who are spreading the word internationally. It must pay to be versed in this vogue.

Modern Portfolio Theory: The Dow Jones-Irwin Guide, by Robert Hagin. Dow Jones-Irwin-Homewood, Illinois, U.S.A.

Christine Moir

Purity as a formula for growth

Nicholas Leslie on why two micro-electronics entrepreneurs started laundering protective clothing

Hugh Routledge

Micro-Image Technology's founders, Ken Clark (left) and Malcolm Juleff (right). Andy Hutchison, in the middle, is managing director and a minority shareholder in the Countdown Clean Systems subsidiary

ON THE face of it there seems to be little obvious connection between the manufacture of protective clothing and the production of ultra-pure chemicals for the semi-conductor industry.

Yet for Malcolm Juleff and Ken Clark it was a perfectly logical move when last year they set up Countdown Clean Systems as a sister company of Micro-Image Technology and Micro-Image Technology (Engineering). Quite simply, all they were doing was diversifying their original business by exploiting part of its surplus capacity.

In the semi-conductor industry, and more particularly in the manufacture of integrated circuits, the chemicals used need to be both ultra-pure and ultra-clean. If they are not, a large percentage of integrated circuits will be rejects, because impurities create faults during manufacture—a problem that tends to get worse the smaller and more complex the circuit.

MIT formulates chemicals and processes them to the required purity. Ultra-pure water is needed in the process and MIT's plant produced more than it needed. A suggestion from a customer that they could use the water for rinsing laundered protective clothing worn in the semiconductor industry seemed a sensible idea; ultra-clean clothes made of materials that do not shed fibres are vital in preventing rejects.

So, in 1978 MIT moved into laundering, though at that time only as an ancillary activity. When this proved successful Juleff and Clark decided to set up first a full-scale laundry business, and then, when this was established, a facility to manufacture the same type of clothes they were laundering. This is now housed in a separate building adjacent to the MIT headquarters at Riddings, near Derby.

Difficult patch

The common factor behind the diversification strategy has been that the same customer base has provided the market for each new service. It was therefore a matter of selling more to the same people rather than having both to find a market and to establish a distribution network to service the business.

A simple philosophy, maybe, but one that proved crucial when it was first applied a few years earlier in the getting up of Micro-Image Technology (Engineering) as a subsidiary of MIT. MITE markets for major foreign manufacturers a range of testing and other specialist equipment used in the semiconductor industry, and when in 1974-75 the chemicals market turned sharply downwards the new subsidiary helped the original business through the difficult patch.

Getting MIT off the ground proved to be an arduous task, according to Juleff. For while he and Clark had the technical expertise, the banks from which they sought funds were not so sure about their management and financial acumen. Indeed, their approaches to a number of banks proved fruitless.

Both men had spent several years in the electronics industry in the U.S. and Europe, at one point in 1968 working for the same American company where they helped set up a manufacturing facility to produce complicated silicon chips. It was there that they first explored the idea of setting up their own company, but it was not until a few years later, after they had both moved to Europe—Juleff to Thomson CSF in France and Clark to a Philips company in Germany—that they put serious thought into making such a move.

Juleff was the first to move back to the UK to start the ball rolling. Neither had any capital or assets to speak of, so they were looking for largely unsecured funding. And, as Juleff remarks somewhat wryly, the banks that were prepared even to discuss the scheme wanted 90 per cent of the equity, which was unacceptable to them.

A major difficulty, Juleff feels, is that there was a wide gap in understanding between himself and the banks. The latter just did not comprehend the company's concept at that time. He and Clark believed the electronics market would grow enormously and that, while it would be impossibly expensive to go in for manufacturing circuits, there was scope for a company to service the industry and that the entry cost was viable.

Three ingredients of the photolithographic manufacturing process for integrated circuits are pure chemicals, photo-resist and etchings. Though crucial, they represent only a small part of total production costs. Because of this, says Juleff, the big chemicals companies had shown no interest in producing the relatively small quantities of the materials needed to the standards that he and Clark felt the semiconductor industry ideally needed.

Juleff believes the search for funds would have been much easier if they had set up in the U.S. There, he says, there was a much greater awareness at the time of the potential of the electronics industry, both mainstream and the servicing of it.

So why didn't they start out in America? The reason, says Juleff, is simply that he and Clark had moved back to Europe after a decade and six years respectively in the States, and wished to remain there.

There is some irony in this now, since MIT is currently considering the possibility of setting up a U.S. operation and, if this materialises, Juleff will probably have to spend some time there each year in the early stages.

Finance for their company eventually came from what David Mitchell, Under-Secretary at the Department of Industry with special responsibility for small companies, recently suggested at an Industrial and Commercial Finance Corporation conference on family companies is the new type of "Aunt Agatha" — entrepreneurs who have made money by successfully creating their own companies and who then wish to use some of it to back other people's ideas.

In MIT's case, the "Aunt Agathas" were Rolf Schild and Peter Epstein, who are now the joint managing directors of the Huntleigh Group, a group of industrial companies. It was an acquaintance of Clark's who made the introduction and it quickly led to Schild and Epstein agreeing in 1973 to put up £6,000 for 75 per cent of MIT's equity, with Juleff and Clark each providing £1,000 for the remaining 25 per cent. Modest sums by any standards, although Schild and Epstein subsequently had to increase their commitment by topping up MIT's working capital on a month-by-month basis for the first 18 months of the company's life.

At the time they made their investment Schild and Epstein had just left the EMI group where they had spent a few years after selling to the musical and electronics concern a company, SR Laboratories, which they had set up in the early 1960s. Schild recalls that they had been looking to invest in people "younger than us and with more up-to-date knowledge of technology." He says they were attracted by Juleff and Clark because of their basic experience and knowledge of the industry, "which was very impressive."

Financial expertise

Like Juleff and Clark, Schild reckoned that in the early 1970s "people were not fully aware of the growth potential of integrated circuits." But he and Epstein felt the programme for setting up MIT "looked attractive," and that they would be able to provide the new venture with the broad management expertise—particularly financial—to back up Juleff and Clark's technical experience (Juleff acknowledges that at the time he and Clark were "financially naive").

Within two years of establishing MIT, the second company MITE was formed to co-ordinate and spearhead the marketing in the UK of testing and other equipment produced by foreign manufacturers. This step improved the group's cash flow, since it was receiving commission on systems that sold for anything up to £200,000. An early move was also made from the original premises at the top of a furniture factory in High Wycombe to a new factory at Riddings where, with close access to the M1 motorway, they feel they can get good coverage of the UK. They also received a Government intermediate development grant which "helped a bit," says Juleff.

With such a solid position now established in the UK market, exports are crucial to the further development of the group, and indeed they already represent a significant proportion of turnover. Between 1975 and 1979 MIT's British sales rose from £149,000 to almost £1.2m, with exports expanding from £13,000 to £428,000, while the MITE figures were, respectively, £12,000 to £172,000 and £118,000 to £927,000.

This performance has led to MIT and MITE becoming a substantial part of the total business of Huntleigh, of which they have been subsidiaries since Schild and Epstein injected their interests into Huntleigh in exchange for shares several years ago. How much they contribute to Huntleigh's profits is not disclosed, but Juleff gives the impression that he considers that his companies are achieving healthy earnings.

Except Countdown Clean Systems that is, for this company is only now breaking even after being set up a year ago as a separate operation. Substantial investment was made in equipment after the laundering service proved to be a viable operation.

Although garment manufacturing is risky, Juleff points out that his and Clark's market is growing and that opportunities are also open in other specialised markets such as food and the pharmaceuticals industries.

Juleff and Clark have already turned the full entreprenurial circle of setting up a company and then realising their capital by selling it. In 1978 they exercised an option of selling their respective 12½ per cent stakes to Huntleigh in exchange for shares, some of which they subsequently sold for cash. They now have service contracts and receive bonuses based on profitability. Though it is unlikely that they would have sold out if they had originally had a controlling interest in their business, Juleff believes that his personal incentive to ensure that the company grows "is still very much there."

One director still retains a share in his business. Andy Hutchison, who joined the MIT group as works manager in 1974, is now managing director of Countdown, in which he has a personal stake of 10 per cent.

For the future, MIT is looking at a wide diversity of countries. It already has established business links in areas ranging from France to Russia, Algeria and Nigeria. And in addition to sounding out the business potential in the U.S., discussions have taken place which could possibly lead to some form of agreement with the Chinese.

Meanwhile, Juleff and Clark's early financial naievity seems to have been largely overcome. Detailed budgets are now prepared on an annual basis with estimates being made for three years ahead.

"I tend to be in favour of detailed budgets, although some people I have met think they are unnecessary," says Juleff. "I feel they present a challenge, and if you can do better, that is good. The purpose of a budget is to recognise costs. So if sales drop you know exactly where your break-even point is."

Business courses

Managing the Corporate Finance Department, Brussels. August 11-13. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

International Financial Management Seminar, Geneva. August 11-22. Details from Centre for Education in International Management (CEI), 4 chemin des Conches, CH-1231 Geneva, Switzerland.

Young Managers Programme, Cranfield. August 31-September 19. Details from Cranfield School of Management, Cranfield, Bedford, MK43 0AL.

The Directors' Workshop, Henley. September 2-5. Fee: £360 (plus VAT) members, £395 (plus VAT) non-members of the Institute of Directors. Details from The Short Courses Secretary, The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU.

Negotiating Computer Contracts, London. September 10. Fee: £60 (plus VAT). Details from Management Studies Centre, 5, Victoria Street, Windsor, Berkshire SL4 1EZ.

ESOMAR Congress 1980, Monte Carlo. September 14-18. Details from European Society for Opinion and Marketing Research, Central Secretariat, Wamberg 37, 1083 CW Amsterdam, Netherlands.

Project Management, Slough. September 8-12. Fee: £300 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

Noise in Industry, Brunel University. September 24. Fee: £85. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

LOMBARD

Three kopeks is the price

BY MALCOLM RUTHERFORD

THE SELLING price of Pravda, or so one of its senior editors was telling me the other day, has been unchanged since 1917. It is three kopeks. That is the equivalent of three boxes of matches or about half the fare for a long trip on the Moscow underground.

The selling price of the Financial Times will go up to 25p on Monday. "What else can you get for 25p?" he asked. "Oh, maybe eight boxes of matches, but you would not get very far on London Transport—not even on the bus."

German

"It would be different," he said, "if we could print more pages or take advertising—like in the 1920s—but there is a shortage of paper."

"And how are you doing on the new technology?" I queried. The answer would appear to be not very well, since it was more of a comment. "You see," he said, "we are a very conservative publishing house." He wrote his articles on to a typewriter just like mine.

It was an inconsequential and at times halting conversation, for the only common language was German, though that, too, may have a significance of a kind. Yet it was not without meaning. There was I wondering how it made sense not to change the selling price of a newspaper for over 60 years. There was he mystified by the economics of London Transport.

Parallel

Time and again, when talking to Russians or East Europeans, one comes to the same conclusion: the best way to establish a dialogue is through economics, technology or the effects of industrial change. There used to be a theory, now discredited, known as convergence. It assumed that as the Soviet Union grew more affluent it would begin to share Western values.

Plainly the convergence has not taken place. Yet there has been a parallel development which for want of a better term might as well be called parallelism. Quite frequently the Russians and the West are at least talking about the same problems: energy, transport, the environment, automation are all examples and the common thrust is looking ahead to see how they will develop in the next couple of decades. There is also, especially among some of the younger East Europeans one comes across, an element of sheer curiosity about how the Western system works. From time to time, the curiosity transcends ideology.

Afghanistan

One should not push it too far. There is still Afghanistan and the Soviet military machine, though the best way of responding to Soviet aggression is by having adequate defence forces. There is no substitute, and never has been, for maintaining the balance of power. Yet if one wants to get back into the business of detente, then science and technology are the way forward, particularly if they can be focused on the common problems of the future.

The Soviet Union has long been proposing European conferences on the environment, energy and transport. No doubt the idea will be pushed again at the review meeting on the working of the Helsinki agreement on security and co-operation in Europe in Madrid in the autumn. It has never been quite clear to me why it is regarded in the west as such anathema. There are, after all, common problems in these areas. Moreover, acceptance of a Soviet proposal for a conference does not mean that the Russians will run it. The example of the negotiations leading to the Helsinki agreement showed that it was perfectly possible to accept Soviet ideas in principle, then turn them round to mutual advantage.

Influences

The prize is the literally thousands of Russians and East Europeans, scientists, engineers, technocrats, specialists of all kinds who could be exposed to western influences. There might also be a prize in further co-operation. It seems to me that that would be a gain worth having, or at least worth seeking. Are we too uncertain of our own diplomatic skills to try?

'Two old bores had become quite charming'

The importance of matching colours

GARDENS TODAY

BY ROBIN LANE FOX

AT THE end of a garden quiz last weekend, I felt I knew nothing at all. There had been a lady with leaves from six confused hostas which she had brought for instant identification. A young couple had seriously wanted to know what to do with cuckoo spit.

A far-from-young gardener left me with the first and most difficult question by asking why his broad beans were fully grown, healthy but without pods. His question worried me all afternoon. I later discovered that his wife had been out in the bean rows and picked all the beans before he inspected them. So much for my suggestion that they were short of sulphate of potash.

Half-volley

We ended, however, with a half-volley: why did we like gardening? One fellow-journalist said everybody knew he liked it because he was so neurotic. Anne Scott-James said she liked gardening because she met such fantastically interesting people. Neither, I thought, had put my liking into words. Among several reasons, I like it for being an art in a small way, a challenge to a sense of form and colour and decisions over which plant matches another.

These combinations mark off very good gardens from good ones. Some of the best, as I explained last week, are to be seen at every turn in the great gardens at Sissinghurst. I will begin with two which were simple and quite brilliant.

In a semi-shaded corner, there has been a fashion since the 1960s for turning to the family of astrantias. Flower arrangers damned this when they saw their faded rose-pink and green-white flowers, not unlike a scabious, with which gardeners had never previously bothered. I have continued not to bother with them, thinking them dull, except for a cream-white variegated form with pretty leaves. There are forms with brighter colours, of which the best pair are called *Carniolica rosea*, a sound shade of pink, and one called *involucrata* which has cream-white flowers.

They both reach a height of about two feet and will last in flower for most of the summer. The flowers pick well and the plants are happy in any semi-shaded site. They flourish in a damp bed but will hang on anywhere, even in the shade of trees where they look no more dull than anything else.

So far, so boring. The astrantia, you might feel, would have done better to stay in its alpine meadows where it went very well in the hay. At Sissinghurst, however, it was matched by a master stroke, a mass of pale purple and white martagon lilies. Nowadays, I would not think the martagons worth a small garden's while. Their flowers are small, though prettily reflexed, and their shape, scent and colouring have been left behind by modern hybrids.

However, the mistress of Sissinghurst had noticed that these two unlikely flowers coincided in height, season and colour. The clear shades of the martagon lily brought out the best in the astriantia's subtle colouring. Their tall stems of lillies rose neatly above this lower companion and stood out in harmony of white, purple-pink and the yellow of the lily's stamens. By a well-judged marriage, two old bores had become quite charming.

You could repeat the effect in any shaded corner, but you ought to use quite a few plants — at least five of each. They grow very easily and would be invaluable in shade, beside a water garden or on the edge of a wild or wooded patch. The richer their soil, the better these simple plants for shade will flourish.

More generally, a Sissinghurst lesson is that it pays to choose the best coloured variety of quite common flowers and concentrate on it alone. We grow too many mixed annuals without thinking. When you look at the detailed bedding-schemes suggested by old Edwardian gardeners, you can see how our standards have altered.

They planned for every sort of harmony, pale pink and silver, deep purple and white, pink, blue and white in a trio and so forth. The best of them omitted yellow, a taste with which I agree. Admittedly, they also centred their interests on bedding geraniums and thought stiffly in terms of dot plants, the odd silver leaf to set off a level sea of red begonias. But if you contain the colours more cleverly, the effect can also be bold.

At Sissinghurst, only one petunia features in the front courtyard, a superb shade of deep ink-purple called Purple Defiance. It is matched only with the yellow in the yellow-leafed form of *Helichrysum petiolatum*. Anybody could manage a similar pair, perhaps using the darkest purple Cherry Pie instead of the petunia which many seedsmen have dropped in favour of their horrible frilled and ruffled forms. Limit yourself, however, to these two colours.

Again, there is much fuss made about one of my favourite flowers the bright scarlet Jerusalem Cross, *Lynchnis chalcedonica*. Perhaps you do not know the name, but you will recognise the result, a head of scarlet flowers in June on rough green stems about three feet high like a tall *verbena*. This is at present a wise buy for new or ambitious gardeners. Now is the moment to buy seeds and raise 50 plants of this easy beauty within the next three weeks. You then have to place them.

Somebody has started the myth that this colour is hard to place. It is a pure hard scarlet, but if you match it with equally pure reds and yellows it stands up for itself. Do not try to tone it down as it is wasted unless you are bold with it. At Sissinghurst, it is grouped with scarlet and yellow *aquilegias*, limited to this one shade among their many colours. Orange *Mimulus* was nearby, in the half-hardy shrub form called *glutinosus* which appeals to connoisseurs.

West Country nurseries sell it and if you can keep it in a cool house during the winter it will make a splendid plant for a large pot at a height of two or three feet. A clear yellow, without any gold or orange, makes another fine pairing, well found in some of the herbaceous forms of *potentilla*.

These have nothing to do with the shrub varieties of which I grow less fond as the years pass. They have fresh green leaves like a strawberry and tend to spread in any deep soil. The purest and easiest yellow is called *Recta warrenii*, a true canary shade of the colour which could spoil any plan if it is incorrect. Scarlet sweet William could round off this warm grouping so long as you are ruthless with any pinks or crimson.

Once you start to look at flowers in twos or threes, not as individuals of this and that, you begin to see why gardening is fun. It is not only for neurotics or social contacts. If you can bring yourself to restrict your colour and choose deliberately, you can help nature to look pretty, just as when you pull out those wearying crops of weed.

Motavato has simple task

RACING

BY DOMINIC WIGAN

IT IS NOT often that one finds a colt who has been made a hot favourite for Royal Ascot's most prestigious two-year-old event, the Coventry Stakes, bidding for compensation at Catterick. However, that is the case today with the Barry Hills-trained Motavato trying to get back on the winning trial in the Yorkshire track's Tunstall Stakes.

The Robert Sangster-owned colt, who found Recitation too fast in the Coventry in which the remainder, headed by Bel Bolide, were comfortably held, looks to have a simple task now that Spindrifter and Beulah Land have come out. His only two opponents are Donatella and the previously unraced Clickham Lad. Unless the last-named is not only well forward but also of above-average ability, then Donatella will find no difficulty in justifying the forecast.

Half an hour after the Tunstall there is every reason to expect a bold showing from the lightly raced Stern in the seven-furlong Brough Handicap. This Ian Walker-trained four-year-old, whose jockey, George Duffield, brought off a long-priced double on the corresponding card a year ago through Paper Lad in the Tunstall and through Intrepid Boy in the Leyburn Maiden Stakes, ran by far his best race to date in Edinburgh's Tranent Stakes over this trip four weeks ago.

Trying to make all the running, he found only Cannon King too strong in the final furlong. Demoted to third place there after coming off a true line in the final hundred yards.

Turning to Kempton, where there are now seven races owing to the Poplar Maiden Stakes having had to be divided because of the safety limit, Clarendon should be another one for Dick Hern and Willie Carson in the second division of that event.

KEMPTON

2.00—Footsbore
2.30—Traqnair
3.00—Qoiet Cannon
3.30—Whatatipoff
4.00—Princeton
4.30—Petrus
5.00—Clarendon**

CATTERICK

2.15—Firm Foundations
2.45—Motavato
3.15—Stern***
3.45—Rebeck*
4.15—Snow Blessed

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 10.25 Cricket: Gillette Cup. 1.15 pm News. 1.30 How Do You Do? 4.13 Regional News for England (except London). 4.15 Play School. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.15 Rentaghost.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Wonderful World of Disney.
7.40 It Ain't Half Hot Mum.
8.10 The Big Time.
9.00 Conservative Party Political Broadcast.
9.10 News.
9.35 The Royal International Horse Show.
10.55 The Revolutionaries.
11.45 Weather/Regional News.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 5.55-6.20 pm Wales Today. 6.50 Heddiw. 7.15-7.40 Ask the Family. 11.45 News.

Scotland—9.25 am Noah and Nelly. 9.30 Jackanory. 9.45 The Perils of Penelope Pitstop. 10.05-10.25 Take Hart. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.45 News.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 Open University.
10.20 Gharbar.
11.00 Play School.
1.20 pm Cricket: Gillette Cup.
4.50 Open University.
6.55 Mid-evening News, including sub-titles.
7.05 Horizon.
8.40 Golf: The Open.
9.10 Timothy West as Beecham.
10.00 Front Line—eyewitness account of Vietnam War.
10.40 Cartoon.
10.45 Conservative Party Political Broadcast.
10.55 Newsnight.
11.40 Cricket: Gillette Cup.

LONDON

9.30 am Paint Along With Nancy. 10.00 The Best of Families. 10.30 Mystery Island. 11.05 Animated Classics. 11.50 Chickadee Chuckwagon. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 About Britain. 1.00 pm News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.45 Fantasy Island. 3.45 Cabbages and Kings. 4.15 The Whisper of Glocken. 4.25 How. 4.45 Maggie's Moor. 5.15 Survival.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 Sounding Brass.
9.00 Women of Courage.
10.00 Conservative Party Political Broadcast.
10.10 News.
10.40 The Prisoner in the Middle.
12.20 am Close: Personal choice with Reginald Bosanquet.

All IBA Regions as London except at the following times:—

ANGLIA

10.50 am A Diary of Civilisations. 11.40 Cartoon Time. 12.30 pm An Exceptional Child. 1.20 Anglia News. 2.45 General Hospital. 5.15 Barney Miller. 6.00 About Anglia. 10.40 "Shadow Over Elveron" (Wednesday Movie). 12.25 am The Big Question.

ATV

10.50 am The Stationary Ark. 11.10 The Mackenzie Affair. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 2.45 After Julius. 5.15 Doctor Down Under. 6.00 ATV Today. 10.40 ATV Newsdesk. 10.45 Mid-week Movie: "Nothing But The Best."

BORDER

10.50 am The Jazz Series. 11.15 Technoflash. 11.35 The Count of Monte Cristo. 12.30 pm An Exceptional Child. 1.20 Border News. 6.00 Lookaround Wednesday. 10.40 Midweek Movie: "The Borgia Stick." 12.25 am Border News.

CHANNEL

12.30 pm An Exceptional Child. 1.20 Channel Lunchtime News. 5.15 Happy Days. 6.00 Report at Six. 10.00 A Chance to Meet . . . Chad Varah. 10.38 Channel Late News. 10.45 Feature Film: "Deadfall." 12.45 am News and Weather in French, Epilogue.

GRAMPIAN

10.50 am The Jazz Series. 11.15 Thunderbirds. 12.30 pm An Exceptional Child. 1.20 North News. 5.15 Mork and Mindy. 6.00 North News. 6.10 Wild, Wild World of Animals. 10.40 Reflections. 10.45 WKRP in Cincinnati. 11.10 Wednesday Movie: "The Spy Killer." 12.30 am North Headlines.

GRANADA

10.45 am Nature of Things. 11.45 The Magic Ball. 12.30 pm An Exceptional Child. 1.20 Granada Reports. 2.45 Young Ramsay. 5.15 A Snatch of Breath. 6.00 Granada Reports. 10.40 Best of British.

HTV

10.50 am Sesame Street. 11.50 Popeye. 12.30 pm Against the Wind. 1.20 Report West Headlines. 2.45 The Love Boat. 3.45 Looks Familiar. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Doctor Down Under. 10.40 Vegas.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55-12.10 pm Flalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.40 Daly in America. 11.40 Musical Special.

SCOTTISH

10.50 am Call It Macaroni. 11.10 Westside Medical. 12.30 pm An Exceptional Child. 1.20 News and Road and Weather. 2.45 After Julius. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today and High Summer Extra. 6.30 Emmerdale Farm. 10.40 Superstar Profile: Christopher Reeve. 11.10 The Odd Couple—The Insomniacs. 11.40 Late Call. 11.45 Music at Harewood.

SOUTHERN

10.50 am Tandarra. 11.45 Larry the Lamb. 12.30 pm An Exceptional Child. 1.20 Southern News and Weather. 2.45 General Hospital. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek. 10.45 Police Story.

TYNE TEES

9.20 am The Good Word. North-East News. 10.50 The Nature of Things. 11.50 Cartoon Time. 12.30 pm An Exceptional Child. 1.20 North-East News. Where the Jobs Are. 2.45 Andy. 3.15 In Search of. 5.15 Laverne and Shirley. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.40 North-East News. 10.42 The Prime of Miss Jean Brodie. 11.40 Power Without Glory. 12.40 am Music for God.

ULSTER

10.50 am The Jazz Series. 11.15 Untamed World. 11.45 Cartoon Time. 1.20 pm Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 What a Job? 6.30 The Flintstones. 10.39 Ulster Weather. 10.40 Family. 11.40 Gardening Today. 12.10 pm Bedtime.

WESTWARD

10.50 am The Jazz Series. 11.15 Target the Impossible. 11.40 Larry the Lamb in Toytown. 12.30 pm An Exceptional Child. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Happy Days. 6.00 Westward Diary. 10.42 Westward Late News, Weather. 10.46 Feature Film, "Deadfall," starring Michael Caine, Giovanni Ralli. 12.45 am Faith For Life. 12.50 West Country Weather. Shipping Forecast.

YORKSHIRE

10.50 am The Count of Monte Cristo. 11.10 The Nature of Things. 12.30 pm Tell Me Another. 1.20 Calendar News. 2.45 Tandarra. 5.15 Bailey's Bird. 6.00 Calendar. 10.40 "Walk A Crooked Path," starring Tenniel Evans and Faith Brook. 12.15 am Preview.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.30 Mike Read. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm Ray Moore (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Only a Rose (S). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Hubert Gregg. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composers: Wilbye and Weelkes (S). 9.35 Music for Organ (S). 10.15 Russian Wind Music (S). 10.55 A Choral Sequence (S). 11.35 Bartok and Stravinsky (S). 12.15 pm Royal Liverpool Philharmonic Orchestra Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.50 Fifty Years of British Music (S). 2.20 New London Consort (S). 3.00 Nina Milkina piano recital (S). 3.45 Youth Orchestras of the World Concert (S). 4.55 News. 5.00 Mainly for Pleasure (S) (S) and mono only from 5.25. 7.00 Music Now. 7.45 Nielsen and Joubert (S). 8.10 Six Continents. 8.30 Concert, part 2 (S). 9.20 William Croft (S). 9.30 Scientifically Speaking. 10.15 Music for Two Pianos (S). 11.00 News. 11.05 [illegible] (S).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm; and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Russell Harty. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 [illegible] (S). 12.00 News. 12.02 pm You and Yours. 12.27 You've Got To Be Joking (S). 12.55 Weather, programme news. 1.00 The World at One. News. 1.35 A Party Political Broadcast by The Conservative Party. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre: "The Brontës of Haworth." 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 The Six O'clock News. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 The Bay People. 7.45 Four Of the Ten. 8.30 A Sideways Look at. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 The Jason Explanation (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. Concert, amateur theatre. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm Jazz After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

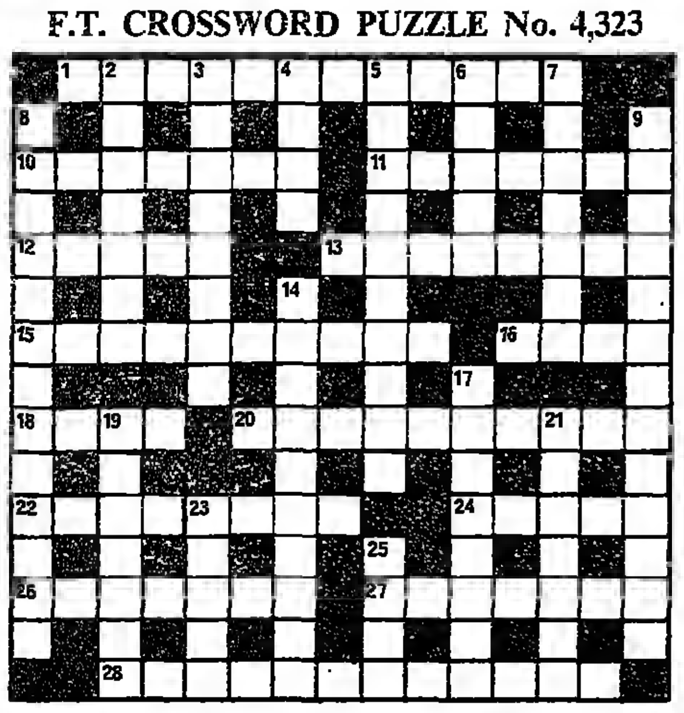
Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 1.00 pm London Today First Report (S). 1.10 Mike Allen continued. 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

F.T. CROSSWORD PUZZLE No. 4,323



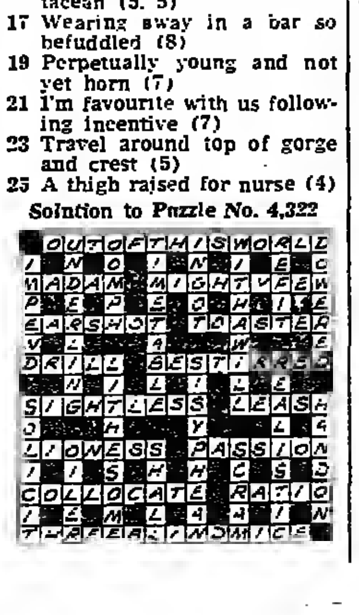
ACROSS

1 Egg-containers pawned for those disturbed by war experience (12)
10 Diffusion of liquids needs moss, so I arranged for it (7)
11 Work with eastern sprinkler but it's tedious (7)
12 Indian crane giving sea-bream to us (5)
13 Followed and displayed notice inside (8)
15 Disturb little Diana's musical performance (10)
16 Cowhouse produced by soldiers? (4)
18 Thoroughfare containing article in distance (4)
20 What clumsy builders do to make a terrible blunder (4, 1, 5)
22 Speculate or I must appear in these (8)
24 Tremulous, like writer (5)
26 Late in arrival and still unpaid (7)
27 Return nets to the Isle of Man to humidify (7)
28 Feloniously take slender eastern ship or craft (12)

DOWN

2 The funny bone we hear (7)
3 Terminus remains on the surface (4, 4)
4 Window-frame made of wood from the south (4)
5 Medical treatment that could make poop hearty (10)
6 Audibly want to massage (5)
7 Put up a pole on street entrance (7)
8 Study team allowance in careful thought (13)
9 Late settlement of accounts gives estimation of sailor's position (4, 9)
14 A grain covering a crustacean (5, 5)
17 Wearing away in a bar so befuddled (8)
19 Perpetually young and not yet born (7)
21 I'm favourite with us following incentive (7)
23 Travel around top of gorge and crest (5)
25 A thigh raised for nurse (4)

Solution to Puzzle No. 4,322



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Television

Cloth ears and pigeon feed

by CHRIS DUNKLEY

What is it about the North nf ...ngland that makes is play-...rights and programme pro-...ucers so over-defensive about ...alr northern-ness? Why are ...ey so insistent about repeating ...d reinforcing clichés instead ... looking fnr fresh and varied ...spects of the regional identity ...hich is evidently so des-...eratley important to them? Is ... something in the drinking ...ater which makes all television ...eople north of Matlock deter-...ined to ram what they appar-...ntly see as hrass hand provin-...alism down onr throats?

The rhetorical questions are ...rompted by the simultaneous ...ppearance of new series on ...TV and BBC. Though quite dif-...erent in approach and treat-...ent, differing even to the ...xtent that ATV's series about ... band, *Sounding Brass*, is ...ction whereas BBC's *Peter ...kellern* is—broadly speaking—...ographical fact, both seem ...ntent upon strengthening still ...urther those dismal and ...emeaning assumptions and be-...efs about life in t'North which ...ave already been huilt up into ...nshakeable shibboleths by ...ozena of previous programmes.

The picture they conveyed ...aried little (except in period ...etail) from that now presented ... the two new series: rain-...wept communities of grim ...erraced houses, peopled by ...ossiping women and sullen ...en who are involved in a ...erpetual sexual war of attri-tion. The young men sup ale and moan about band practice. Their dads retreat to the pigeon loft and mutter bitterly about t'mill, t'gaffer, and t'auld woman. The mean and acid lasses swap horror stories about the lewdnes of the lads.

I Didn't Know You Cared showed it all as tragically funny. *When the Boat Comes in* gave it tn us as gritty history, social and political. What seems to be quite invariahle is the unremitting dismalness underlying it all, and sure enough *Sounding Brass* and *Peter Skellern* are claaving to the same traditions, with enthusiastic gloom.

It must be admitted that as yet neither new series has managed to get round to the pigeons, hnt it will be astounding if they both last the month out without a mention since all the other standard obsessions have already been brought in.

Skellern is particularly keen on the supposed philistinism of the North. In Programme 1 he told us: "The great thing about heing hrought up in an unsophisticated mill town was that no-one ever said 'This is good music' or 'This is bad music' because they didn't know the difference." This week, explaining how his fingers made greasy hy his work as a petrol pump attendant, slid off the keys of the church organ, thus giving wedding parties a Scboenberg-style rendering of The Wedding March, be added: "But most of them had to be told to put their cigarettes out before we began, anyway, so thay got wbat they deserved really."

Skellern's talents are new to me, but he appears to he a musical comedian, or perhaps a funny composer, with a penchant for sad schmaltz. His song about Blackpool was performed in a Kiss Me Qnick hat, with a bottle of brown ale prominent on the piano, and one would suspect genuine derision but for tba facf that his misty-eyed sentimantality about the horrors of the place were so clearly genuine. As with so much northern knocking comedy a double hluff is involved: ridicule of the fondness of other northerners is used ostensibly to disguise your own genuine fondness hut in fact to emphasise it. And woe betide any innocent onlooked who is misled enough by appearances to *join* in the *mocking*.

A similar set of attitudes appears to inform *Sounding Brass*. On the one hand Don Shaw's series takes pains to *show* the *members* of the Ettaswell—seemingly no connection with Eatanswill — Brass Band as unreliable, untalented, and uniformly unloveable. (Producing music, moreover, wbich is literally defined as third ratc: "Why can't you play in woon of them cbumpionship bunds instead of this Section 3 bund? Loovly uniforms and hair nice." Notice the Alan Bennett inversion.)

On the otber hand it hardly *seems* likely that we are *really* expected to accept them at tbeir face value—we migbt all switch off if we did. Presumably we are aupposed to see beyond the cheerless and unprepossessing image to the loveable rascally northern fowk hiding modestly behind. The trouble is that *Sounding Brass* appears to he relying on the assumptions of the double bluff alone to persuade us of thia, and bas failed to realise that humourlessness is not in itself proof of hidden deptha of humour, any more than boorish parochialism is enough alone to establish the presence of cloaked refinement.

The acting is proficient enough, so far as one can judge. *Certainly* Brian Glover looks quite at home with his conductor's baton and the rest of the cast may really be playing their instruments; none looks absurd. But the scripts are so slight—like soap opera spun out in slow motion—that there is precious little to go on, except for an occasional very deliberate "cameo" performance.

Thanks to the familiar inverted snobbery, much of the effort seems to go into making the look of the thing as dreary as possible. In Episode 1 of *Sounding Brass* it was considered necessary to stop the band en route to its contest to play in front of an industrial wasteland of stacked sewage plpes. Nobody hothered to offer even a thin excuse in the plot. With similarly deliherate lugubriousness the final shot in Peter Skellern's second programme showed bim setting out on foot—southwards persumably —in filthy weather, down a puddly pot-holed *cart track*.

Regular readers of this newspaper could hardly be unaware of the chronic economic difficulties of the Nortb of England and the hardships that have gone with them, from the days of the Jarrow marches to the present day wlth its appalling unemployment. But nor can they be naive enough to believe, as television would so frequently seem to imply, that metalled roads, Volvo Estates and the middle classes end at Derby, or that anyone demanding a properly mixed martinl in Bradford in 1980 would be clogged to death as a cissy.

I am not a great bellever in causal connections between television and its audlence. Mankind managed two world wars without needing TV to teach him about violence, Marks and Spencer achieved market leadersbip without needing a single commercial, and it will take more than television to alter established perceptions of northern England. Yet the perpetual barping on the sodden horridness of the area cannot really he helping anyone very mucb.

Northern chauvinists will no donbt argue tbat tbe only reason programmes set in southern England do not feature precisely parallel preoccupations is that there is nothing in southern Eogland to be similarly fanatical about; nothing in the south to compare with pigeons, milk stout, rugby league and brass bands. They are probably right, thank goodness.

But such obsessions just arn't necessary to a god television series. *Turtle's Progress* which has sadly just ended its second batch was set in London within society's twilight areas. There was occasional rbyming slaog. There was an endless running gag about Aunt Ethel's Cornish Pasties. There was a forger called Percy Inkwell, a heavy called *Grievous* as in "*Bodily* Harm," and a bent antique dealer called Furniture. In the last episode Turtle and Razor Eddie were oubjected to the diaholical investigation techniques (real feeling here. I suspect) of the Tax and VAT men, one of whom was savel from the vicious accuracy of the cricket balls hurled by Jason, the gin-swilling tearaway toddler, only by his bowler hat.

And that is about as heavily southern as it ever became. All the other highly satisfactory ingredients were utterly non-regional, ranging from the weekly proof that Michael Attwell's supremely confident Eddie was still unmatched in the strongarm department (not a single vinlent moment ever being sbown on screen) to the seemingly Irrelevant yet startlingly memorable theme song by Alan Price.

It was one of the most amusing and coosistently enjoyable television series that I can remember, it needed no geographical chips on its shoulders, yet ironically it was not only produced by the same Midlands company that made *Sounding Brass*—ATV—but was written by Edmund Ward who was born in Nottingham.

Brian Glover in 'Sounding Brass'

Arts

Dustbin Man by MICHAEL COVENEY

Dustbin Man is a terrible rock revue featuring a quite likeable performer, Kevin Williams. It is neither Beckett's *Endgame* set to music nor a Milliganesque evening of British rubbish. It is simply an excuse for Mr. Williams to perform 13 not very good songs and prance around the stage in sawn-off black trousers as if anxious to compete with the likes of Alice Cooper or Ian Dury. He emerges from a dusthin on to a stage littered with litter, dressed in a large nappy. Two singers up aloft in a chic white apartment instruct him to start the day. He rebels at *school*, abuses tourists, does a ludicrous pop star act, and pleads for sympathy as a transvestite who fails to land the part of Ugly Sister at pantomime time.

Life is a pantomime, apparently; it is a laugh to have *a* bath; eyes tell you everything you need to know about people. Mr. Williams sings with vigour, is obviously a good actor, and can do cartwheels on one hand.

Leonard Burt

Kevin Williams

He is backed by a group called the Oddsocks and finally ousted from view by a ghastly little girl who shoots hlm and performs a tap dance lit by a glitter ball. It is all extremely dreary.

*

I had little more luck at lunchtime when, not counting a few windswept staff of the Open Air Theatre in Regent's Park, I constituted a one-man audience for a one-man show about Phineas T. Barnum. Kricker James recounts a series of dreadfully unfunny anecdotes about the producer of "The Greatest Show on Earth" and his dealings with Jumbo the elephant and Tom Thumb the midget.

It was the sort of show you leave convinced that you know even less about the subject than when you weot in—apart from gleaning the notion that Barnum bore a striking resemhlance to Max Wall's Professor Wallowski. "*The rain it raineth every day*" in this part of London at the moment, wbich is a shame, as David Conville is offering two robust and pleasing Shakespeare productions by nigbt.

Florence

Stockhausen/Rostropovich

The 43rd Maggio musicale fiorentino is drawing to a conclusion, and its final events are focused chiefly around two personalities; Karlheinz Stockhausen, who is here with his troupe, presenting a series of his works both recent and less recent, and Mstislav Rostropovich, who has been appearing in various guises, as cellist (the Bach suites in two recitals), as pianist (accompanying his wife, Galina Vishnevskaja, in a programme of Russian art songs), and as conductor, hotb symphonic and operatic. Both *stars* —the German and the Russian —have been enthusiastically received.

Curiously enough, at the second performance of Chaikovsky's *Yergeny Onegin* the Comunale was *not* sold out, perhaps because in this case the local reviewer'a enthusiasm bad been discreetly tempered and perhaps, too, because the work itself — introduced to Italy in 1900 by Tosscanini at La Scala —has never been a real favourite with the Italian public, despite some memorable productions, including the present one In Florence. In any case, the Florentines who stayed away missed a rewarding experience.

Ten years ago, wben Rostropovich conducted *Onegin* for a recording, the result was not accorded universal praise; many listeoers found his tempos arbitrary, disconcerting. Clearly in the last decade he has changed his mind, for this Florentine performance was fluent, coherent, natural. Here and there, the maestro, enjoying himself, encouraged the orchestra (wbich played well for him througbout) to make the sound good and loud: in the dances the volume was particularly grandiose. But in the tender, *intimate, lyrical scenes*, Rostropovich established sympathetic tempos and kept his muslclans under firm, pliahle control.

Vishnevskaja is remarkable. Inevitably the top notes have taken on a certain bardness, but most of her *singing*—especially in softer passages—is beautiful to hear, and profoundly moving.

Nicolai Gedda's Lensky was happily free of some of the mannerisms that in recent years bave made hls acting disagreeable to observe. *He* moved, for the most part, in a normal fashion; and the singing of his aria — all in mezza voce — was accomplished and effective. In the title role, Leo Nucci looked trim, even dapper: not a romantic figure, but surely a possible object for a young girl's calf love. He sang soherly, correctly, and yet he did not make as much of the part as he migbt have, perhaps because he was singing in Russian, like all the others.

The smaller roles were generally well cast. Elena Zilio was an unusually pretty and youthful Olga; Raffaele Ariè, a stately Gremin. Only the Triquet of Pier Francesco Poli was tiresomely exaggerated: be seemed to be trying to turn the cameo into a wall-sized fresco. The producer, Pier Luigi Samaritani, should have kept him within suitable limits.

Samaritani designed the production, which was first seen at the Comunale five years ago: a lovely series of romantic exteriors and generally simple rooms, with characters in handsome costumes (of Chaiknvsky's 1870s, not Pushkin's 1810s). In 1975 the producer was Gian Carlo Menotti. Hls name has now disappeared from the programme, but Samaritani's production seems to follow the sensitive Menotti original fairly closely. And it has held up well. This may not have been a perfect *Onegin*, but it was never less than good and, at its finest moments, superlative.

WILLIAM WEAVER

Cambridge Arts Theatre

Hotel Paradiso

by B. A. YOUNG

Hotel Paradisn adheres faithfully to the Feydeau formula. In ...he first act, M. Boniface ...Graeme Garden), arranges to ...oeet Marcelle, the wife of his ...artner (Michelle Dotrice) at a ...lublous hotel. Marcelle's hus-...and, M. Cot (John Junkin), has ...een called in by the Board of ...anitation to investigate this ...otel, which is reported to be ...aunted. By way of an extra ...omplication, M. Martin ...Freddie Earlle), turns up un-...xpectedly at the Bonifaces' ...ouses with fnur small ...aughters. When be is told that ...here is no room for them to ...ay, he alsn heads *for* the same ...otel. So *do* the Cots' school-...oy son and the Bonifaces' maid.

In the aecond act, they are all ...here, meeting nne another as ...mbarrassingly as *possible until* ...be hotel is raided by the ...olice. In the third act, the ...eputations of M. Boniface and ...Marcelle are duly saved by the familiar process of embarrassing everyone else until a high-water mark of embarrassment has been reached, nothing can possibly get worse, and the curtain comes down.

The only way to spoll Feydean is to clown it, and no one in this company is foolish enongh to do that, though Mr. Garden shows occasional signs of wanting to. However, I can forgive him anything for the pleasure he gave me with his relaxation when a thunderstorm breaks just as Martin is about to tell the police inspector the names of the people he saw at the Hotel *Paradiso*. Martin is Feydeau's obligatory bntt, and when it rains he stammers so badly no one can nnderstand him.

So an *evening of expert farce*, under Jonathan Lynn's expert direction, on Saul Radomsky's expertly designad Parisian sets, ends happily.

Mansion House

Bochmann Quartet

by DAVID MURRAY

It ought to have been the Lindsay String Quartet performing in the City of London Festival on Monday, but an accident to their leader prevented that. The young Bochmann Quartet kindly stood in for them. The Festival might, however, have considered *whether at the already astonishing* tariff of £7 a head a much less experienced team, playing a much less substantial programme than the promised Lindsay one, waa a fair substitution. The interval glass of wine, included in the ticket price but hardly explaining it, migbt at least have heen proportionately supplemented by canapés.

Andrew Clements has just reviewed on this page a joint appearance by the Bochmann with the Coull Quartet, a comparable new team whom I heard in March. The Bochmann and the Coull hava almilar strengths and folbles; among the latter seems to be a tendency to wander off pitch in broadly chromatic music. In Smetana's Quartet "From my Life" on Monday, the biggest work in the programme, that was serious enough to cause some distress. In any case the Bocbmann reading fell some way short of the requisite maturity, with the initial "fate" theme tamely dellvered, the *alla Polka* too nervy to reveal it winning lilt, and *small* tragic weight in the conclusion.

The Quartet did themselves much better justice in very early Mozart — the little B-flat piece, K. 159, with the Beethovenian lines of its middle Allegro drawn well taut—and in Haydn, where their Griller training abowed to advantage. That was the slightly problematic Quartet in D, op. 71 No. 2. Tha Bochmann players despatched it with crisp elegance and lively attention to Inner parts (pltch aside, their ensemble is excellent), and their eponymous leader lined out the Finale with wit enough to refute the suspicion that it is a shade lightweight for the near-orchestral amhitions of the earlier movements.

Guildhall

Holloway's Aria

Robin Holloway's *Aria* for 14 players, commissioned for the present 10th biennial City of London Festival, was given a first performance in Guildhall on Monday by the London Sinfonietta, Stephen Barlow conducting. At one stage the title was changed, presumably in deference to a quotation from *Comus* whicb prefaces the score, *to Dark air*, but then changed back. To what extent there is a play on words—Milton's "air" being not what we sing but wbat we breathe—*is* not clear, bnt there is enough lyricism, animation and contrast in the short work to justify the musical term.

Beneath those qualities lies *tight organisation*, with six consecutive sections overlapping and pressing ahead, one thing leading to another with a kind of zany logic (nne component is a rumbustinus humour, with bursts from a "bonker" like an antique motor horn). *Aria*, however, is not a comic piece and the varied humours jostling for a hearing are finally kept in their place. Since mucb detail was inevitably lost in the Guildhall rafters, a second performance in the same concert would have been more than usually welcome.

The promised soloist, Janet Baker, being indisposed, Felicity Palmer took her place, exchanging the Mendelssohn aria for a Haydn cantata but keeping the Walton cycle, *Song for the Lord Mayor's Table*, written for the first of these festivals, in 1962. Though the programme did not reveal the fact, this was not the piano but the orchestral version. In many respects it is preferable, but in such an echo-chamber the orchestra makes *mincemeat of the wnrds*. It was therefore mean, unimaginative and, tn the singer, unhelpful not tn have provided word-sheets — not even the titles of the individual songs were listed.

What made the omission worse was that Miss Palmer, a champion projector in any language she chooses tn sing, was clearly performing with her usual zest and vitality. Haydn's *Berenice che fai*, more lightly scored and using resonant Italian, fared more easily. Between the vocal items wa bad the too rare pleasure of Wagner'a *Siegfried Idyll* in the nriginal version. Lovely playing, but for some reason Mr. Barlnw unceremoniously hustled the golden moments by.

RONALD CRICHTON

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A reserve for Europe

THE GOVERNMENT in general and Mr. Francis Pym, the Defence Secretary, in particular have performed a singular service in providing the country with more information than ever before about Britain's strategic deterrent. It is also greatly to Mr. Pym's credit that he was able to make a statement to the House of Commons about the successor to the Polaris nuclear force without the slightest trace of national chauvinism or of an appeal to "top-tableism"—the belief that Britain must have nuclear weapons in order to show that she is a great power. The Defence Secretary was as firm with the jingoistic Right as he was with the unilateralist Left.

A large part of the rationale for replacing Polaris with the more advanced Trident system in the 1990s is that Britain has been a nuclear power for nearly 40 years. That has been the deliberate choice of successive governments, both Labour and Conservative. To go for a successor, therefore, when Polaris becomes obsolete is not basically a new departure. It is a reaffirmation of existing policies on which the previous Labour Administration was already working. Indeed, the only really radical decision would have been to get out of nuclear weapons altogether.

Anomaly

There is one superficial reason why the unilateralist course of allowing Polaris to wear out and not to replace it looks attractive. Britain is no longer anything like the power she was when she first acquired the atomic bomb, either economically or politically. It is, on the face of it, an anomaly that one of the poorer members of the Atlantic alliance should be seeking to maintain an independent strategic deterrent well beyond the year 2000 and be preparing to devote a sizeable part of the defence budget to it.

Beyond that, however, it is necessary to realise how little else in the alliance has changed in strategic terms. The Soviet Union has become steadily stronger to the point where any form of disarmament on the western side would be ill-timed, to put it mildly. The possibility of an Anglo-French deterrent has been explored and should be explored further, but it does not seem feasible at this stage: nor would it necessarily be cheaper or more quickly deployed than Trident. The idea of West Germany going nuclear is most strongly opposed by the West Germans themselves.

Historical

Yet at the same time there remains a strong belief in Western Europe that the Europeans should have some means, of their own—that go beyond conventional forces—of deterring Soviet aggression. This is not necessarily a lack of faith in the U.S. whose strategic forces are of course far greater, but it is a demand for additional insurance. For historical reasons, the burden falls on Britain. For the same historical reasons no-one else can carry it, nor wishes to do so. It is a burden that should be borne.

It should be borne on the clear understanding that this is a European venture. The day when there is a political infrastructure in Europe capable of supporting a joint nuclear force may be far off, but that should still be the aim. In the meantime, it should be fully understood that the British decision to replace Polaris stems neither from atavism nor chauvinism. It is a British contribution to European defence.

Numbers

The costs will be high, possibly higher than Mr. Pym has suggested: that is the usual way with defence expenditure. The Government has said so far that it is considering a fleet of four or five submarines. To provide a fully effective force, on station at all times, the fifth will almost certainly be needed. It is on this area of costs that more information is required. A strategic deterrent for Europe is needed, but not at the expense of skimping on conventional forces. It would be reassuring to know that the Trident decision, and its financial implications, have been fully discussed with our continental allies. After all, it is a deterrent in reserve for Europe.

A major fiscal reform

A FISCAL reform of greater magnitude than any of the shifts in tax burdens which the Conservative Government has so far accomplished or promised, is soon to be considered by Ministers. It concerns a sum of money equivalent to the whole yield from income tax. This is the financial requirement of the local authorities, which currently disburse about 13 per cent of Britain's gross national product. The alternatives to the present system of local authority rating, which are put forward in an internal report being presented to Ministers this week, would have direct and momentous consequences for all taxpayers in Britain so the Government will need strong nerves and great determination to venture forward. But the case for action of some kind is becoming overwhelming.

Layfield report

Serious flaws have been apparent for years in the present methods for raising the £22bn which local authorities spend annually and proposals for reform, culminating in the voluminous and well-argued report of the Layfield Committee in 1976, have been made frequently. Considering the magnitude of the task, it is perhaps not surprising that successive government have shrunk from any action. But this option may not be available for the present Government for two reasons. Conservative Party activists seem to be taking very seriously the manifesto commitment to abolish domestic rating. At the same time, the Government itself seems determined to exercise greater control over, and ultimately reduce, the amount of support it provides the local authorities from central tax revenues.

Local spending

The report being presented to Ministers responds to the first of these pressures. It suggests that it would be feasible to replace rates either with local income taxes, as recommended by Layfield or with local sales taxes, which would perhaps fit in better with the Government's general predisposition for taxing expenditure, rather than incomes.

However, as the tempestuous passage of the Local Government and Planning Bill through Parliament has shown, the need to review the central government's contribution to local finances, is even more urgent. The new arrangements for paying the Rate Support Grant put forward in the Bill is satisfactory only as a stopgap response to an immediate crisis in the control of public spending.

A worthwhile reform, which would introduce a greater degree of stability and financial responsibility into the workings of local government would need to embrace the Rate Support Grant and be based on explicit decisions about the real purpose of local government. If Parliament and the electorate wished local authorities to be little more than agencies of central government, with little independence in financial decisions, then the Government's present plans to centralise the Rate Support Grant should be carried even further to give the Government direct control of local spending.

Such a course would depart from Britain's traditions, but could be seen as an important part of the Government's plans to reduce all forms of public spending in the interests of the national economy. However the opponents of local autonomy should note that the control of spending by local authorities is better than that of Civil Service departments. A comparison of the National Health Service with the locally controlled education services also suggests that central control is not necessarily cheaper or more efficient.

Unsatisfactory

If, on the other hand, the Government came to the conclusion that local autonomy should continue to be encouraged, it would have to aim not just at replacing rates with some other form of local taxation, but at greatly increasing the yield of local taxes of all kinds. The present arrangement, whereby the central government provides 61 per cent of local authorities' expenditure, but has only indirect and clumsy means of influencing the way this money is spent, is clearly unsatisfactory. If local politicians are to retain their independence from Westminster the financial consequences of their decision-making should bear much more directly on local electors. The Government's aim should not be to abolish rates altogether, but mitigate their effects and to supplement them with other sources of local revenue. The corresponding sharp reduction in the Rate Support Grant could make room for cuts in national income tax greater than anything the most sanguine Ministers have imagined.

Midland joins the big spenders

BY DAVID LASCELLES IN NEW YORK

MIDLAND BANK could turn out to be the last of the big spenders.

Its $820m deal with Crocker National is not only one of the largest transactions of its kind, it comes at such a touchy time politically in the U.S. that it could hasten the day when foreign banks are barred for good and all from buying American banks. This possibility is still remote. But it is an indication of how hot and cold the U.S. is now blowing on foreign bank takeovers that the Midland-Crocker deal could not have been proposed with any certainty as little as three weeks ago, and it might stand no chance at all a year from now.

There is no doubt that Midland has found in Crocker a strong, fast-growing bank in one of the most lucrative markets in the U.S. — California — a state whose economy is bigger than the UK's.

The fact that it bypassed the East Coast, notably New York, in its long-standing quest for a U.S. partner may seem surprising. But apart from New York's status as a financial centre it arguably offers fewer prospects than newer, less tightly regulated markets further west. Also, Midland has been so slow to get its U.S. act together that virtually all potential acquisitions on the East Coast were snapped up some time ago by Barclays, Natwest and a host of European banks.

However, it will not be alone in California. Barclays and Lloyds have had operations there for several years. So have Standard Chartered and some other foreign banks, mainly Japanese attracted from across the Pacific.

Crocker, with assets of over $16bn is the 14th largest bank in the U.S. Since acquiring new management in the mid-1970s, it has surged forward, increasing its assets by 70 per cent since 1975 and trebling its earnings from $40m to $117m last year.

Having established a good footing in its local market, the bank has also become more interested in expanding its overseas business, which brought in 19 per cent of profits last year, somewhat less than for other banks of its size. Plainly the approach from Midland presents it with an opportunity both to increase its size quite dramatically and move more quickly into foreign markets. If Crocker fully exploits the new capital available from the Midland deal, it could become as large as Continental Illinois of Chicago, which ranks No. 7 in the U.S.

However, the proposed combination will have to clear regulatory hurdles: the Californian banking authorities, and those in Washington.

As things stand, the main question mark hangs over Midland's stake in European American Bank (EAB)—the U.S. operation of EBIC—a six-member consortium which has a number of deposit-taking branches in the New York area.

Although Mr. Malcolm Wilcox, one of Midland's chief general managers, expressed the hope yesterday that this would not be a problem, the position is not entirely clear. Under recently enacted legislation, foreign banks have become subject to U.S. laws restricting deposit-taking operations to one state. (A loophole previously allowed them to operate in several, and foreign banks with inter-state operations at the time the new law came into force were allowed to keep them.)

If Midland goes ahead with Crocker, it will be involved in deposit-taking in two states, New York and California. So Midland could be obliged to extract itself from EAB, though this will be a matter for the Federal Reserve Board to decide.

However, Midland's move could have broader regulatory implications by stoking up the long-standing debate about whether foreign banks should be allowed to buy U.S. banks at all.

The wave of foreign takeovers has resulted in a sharp growth in the foreign banking presence. According to the Fed, there are now 144 foreign banks in the U.S., up from 60 in 1973. Together they have 315 branches and control $132.3bn in assets, about 10 per cent of the U.S. total.

Congress has already acted to close some of the loopholes which attracted foreign banks (and in some cases gave them a blatant advantage over domestic banks). But the broader question of policy towards the banking invasion was such a complex one that Congress decided it needed closer study. So in April this year it instituted a three-month moratorium on foreign bank take-overs to give Government agencies time to investigate and report back.

That moratorium has now expired (which is why Midland and Crocker could not have clinched a deal last month). But there is plainly deep disagreement in Washington over what should happen next.

The Fed has said it is satisfied with the course of foreign takeovers and is opposed to any extension of the moratorium.

However, the mood in Congress itself is more hostile, partly because there is general alarm there about the scale of foreign penetration of the U.S. economy, partly because legislators are more politically sensitive than the Fed to the concerns of local banks about foreign competition.

The danger is that the Midland-Crocker deal will harden opposition to foreign bank takeovers and make an indefinite moratorium more likely.

Wilcox and Wilcox: Mr. Malcolm Wilcox (above) of Midland Bank and Crocker's Mr. Thomas Wilcox (below)

... and feels it is better late than never

BY NICHOLAS COLCHESTER IN LONDON

YESTERDAY'S announcement of an $820m plan to acquire up to 57.4 per cent of Crocker National Corporation in California is the second attempt of the Midland Bank to follow the other major British banks into acquiring a substantial foothold in the U.S. banking market.

Midland has been the merger broker's dream since last October when, without explanation, it dropped its $520m bid for Walter E. Heller, the Chicago-based financial services company. The Midland had signalled its concrete intention of getting into America in its own right and its top management were first to admit that it still had aspirations there. Mr. Malcolm C. Wilcox, chief general manager of Midland, would talk of the "pot on my mantelpiece" which he was keeping well stocked with cash for the next attempt.

This pot must have become a holy grail for investment bankers as the proceeds from Midland's sale of a 16 per cent stake in Standard Chartered Bank and its insurance broking subsidiary, Sedgwick Forbes Bland Payne, were poured into it, raising its contents to some £140m. It is therefore no surprise to learn that both Mr. Felix Rohatyn of Lazards in New York and Mr. James Wolfenson of Salomon Brothers, two stars of the U.S. merger and acquisition business, are working together for Midland in putting together the Crocker deal.

The story of Midland Bank's changing attitude to the business of international banking is a classic example of the way in which this business has developed. The essence of international banking used to be correspondent banking: instead of acquiring a physical presence in a foreign country a bank would ask a correspondent bank to provide the services there which its clients required.

Midland was very well established as a correspondent bank, and laid more emphasis on this business than its UK clearing banking rivals. Malcolm Wilcox explains that in 1947 the payments for a very substantial proportion of world trade passed through Midland's books because sterling was the world's trading currency and Midland was the dominant correspondent bank in that currency.

During the 1960s the fashion in international banking changed as banks led by the Americans, began to lay increasing emphasis on establishing branches and subsidiaries abroad, partly to serve the needs of multi-national customers, partly to get into "wholesale banking" in different countries and partly to participate in the emerging market for essentially stateless loans financed in the Eurodollar market.

Midland was very cautious in following this trend, precisely because there was a conflict of interest between establishing a branch in another country and acting as correspondent bank for banks based in that country.

Midland contented itself by emulating many other banks which were wondering how best to involve themselves in international banking in the late 1960s. It relied upon its membership of EBIC, a banking club backed by powerful European banks, which unlike other consortium banks, built up quite a dynamic wholesale and retail banking business in New York. EBIC's strong and satisfactory presence in the U.S. is probably one more reason why Midland was slow to make its own move into America. As the table shows, other British clearing banks decided in the late 1960s that they needed a direct presence there.

The table shows how Barclays Bank, which inherited a tradition of international branch banking from its activities in the British colonies, has been following a policy of creeping acquisition in the U.S. since 1968 with no fewer than eight deals in different parts of the country. National Westminster made last year's biggest move by a British bank when it acquired the National Bank of North America in New York for $431m, a sum which will be eclipsed by the Midland deal if it goes through.

While respecting the judgements of his predecessors, Graham Wilcox today feels that Midland's strategy was mistaken. "With the advantages of hindsight it would have been preferable," he says, "if we had linked our consortium developments with more expansion in our own name." As controller of the bank's international operations, it was Mr. Wilcox's job to put Midland back on course. If Crocker's stock holders and the American bank regulators are willing to go along with Midland's latest move, the major part of that job will be done by the time he retires in June, 1981.

In proposing such an enormous U.S. acquisition, Mr. Wilcox insists that "we are not merely keeping up with the banking Joneses." Part of his rationale is the same as that for any of the major takeovers by European companies of U.S. corporations in recent years. Midland wants to be active in the most important economy in the world and has long been eyeing the Mid-west and the West Coast as the two areas of that economy with the best prospects.

Midland also likes Crocker's interest in financial services—most prominantly factoring—activities that are not constrained by the laws which keep U.S. banks operating within the boundaries of their own state. Mr. Wilcox says that he has developed good relations with the chairman of Crocker, coincidentally another Mr. Wilcox, Mr. Tom Wilcox, with whom he has discussed the possibility of a get-together over the years.

Tom Wilcox is credited with having transformed Crocker National's once rather sleepy image since he took over the bank in 1974. He, like Midland's Wilcox, is getting close to retirement age and may well regard a deal with Midland as a rapid way of clinching this revival and putting Crocker into the international big league.

One reason Midland—and its clearing bank rivals—have placed such emphasis on U.S. acquisitions is their perceived need to establish a dollar base. One-third of Midland's worldwide assets are now denominated in dollars yet these assets are funded without direct access to the largest and most secure source of dollar deposits—the American saver.

Midland Bank, like other UK banks, can fund itself with "wholesale deposits" from multinational companies and from other banks through the Eurodollar market. It can also take deposits from the dollar-rich oil exporting countries.

The problem here is potential insecurity. There is always a chance that political upheaval could halt the flow of OPEC dollars to specific groups of banks or banking centres (though the fluid nature of the Euro-currency market provides a lot of insurance against this). There is also increasing concern among international bank regulators, including the Bank of England, that too many banks are becoming too dependent upon this interbank Eurodollar market for their own good.

Clearing banks are uniquely qualified to extol the benefits which can result from a direct involvement in retail banking: under certain circumstances retail deposits are much cheaper than wholesale. That is the second reason why Midland wants a dollar root.

If it works, Midland's deal with Crocker will be the last major element in a special relationship between the banking businesses of the U.S. and the UK. By expanding into London in the late 1950s, the U.S. banks ensured that the euro-dollar market and the international bank lending market would be centred on London. The London clearing banks became involved in this market and have since developed into some of its most active participants. Now their appetite for dollars has prompted their own substantial entry into the U.S.

BRITISH BANK TAKEOVERS IN THE U.S.

			Consideration
Barclays Bank:	1968	Independent Bank, California	n/a
	1969	First Valley Bank, California	n/a
	1974	County Bank of Santa Barbara, California	n/a
	1974	First Westchester National Bank, New York	n/a
	1979	American Credit, North Carolina	$191m
	1980	138 offices of Beneficial Finance Corporation	$20m
		Aetna Business Credit (agreement in principle)	$165m
		31 branches of Bankers Trust, Long Island	n/a
Lloyds Bank:	1973	First Western Bank and Trust Company, California	$115m
Midland Bank:	1980	Crocker National, California (agreement in principle to acquire 57 per cent)	$820m
National Westminster:	1979	National Bank of North America, New York	$431m
Standard Chartered:		Union Bancorp, California	$372m

MEN AND MATTERS

Hornby shows his teeth

Weaned on Bonio and beef at Spillers, and well-accustomed to sinking his teeth into bodies political, industrial and bureaucratic, the new chairman and chief executive of Carrington Viyella, Derrick Hornby, remains in pugnacious mood.

Head-hunted into his £60,000-a-year post he talks with no pretence at modesty about his past successes. Most significant, perhaps, is his recollection of his spell in the chair at Spillers Foods.

Amid rumblings of major reconstruction work at the shirts-to-carpets textiles group, he tells me: "To protect what you have, some hard decisions have to be made. I made them at Spillers. We had to trim the ship and close a lot of factories. Now, I would say, it's the most profitable bit of Dalgety.

"We from the food industry are long used to intense competition. Perhaps the textiles people have not until relatively recently had to face up to that sort of High Street war. You cannot hide behind a bush and hope it will go away. You have to show your teeth a bit."

Leaving the Spillers main board in spite of much persuasion to stay from the company's new owner, Dalgety, Hornby, takes to Viyella years of battle experience gained from his frequent forays against Government, the Common Market Commission in Brussels, farmers, and competitors in the food business.

When he took over the presidency of the Food Manufacturers' Federation in 1976, he says, the situation was "calamitous." "Top people were resigning and Sir Hector Laing of the Food and Drink Industries' Council was trying a takeover. If it hadn't been for me," he boasts, "there would not be an FMF today."

And although he tells me he has no pretensions to similar power in the textiles pressure groups — "I am anxious only to make Carrington Viyella highly efficient" — he is plainly loth to desert his soap box.

He promises to "tweak tails" in the Brussels Commission which holds so much sway over the future of textiles. "What I don't agree with is that we should be the benefactors to the whole of Europe—to people who are better able to look after themselves," he says, in tones reminiscent of his assaults on the Common Agricultural Policy.

Not to worry though. Hornby adds: "As long as there are people like me who are prepared not to put with it, I don't think we have too much to worry about."

Picking a winner

For a few hours today the members of the International Olympic Committee, assembled in Moscow, may forget their worries over the potential traumas of the coming competition, and cast their minds forward to the times ahead and choose the man to rekindle the Olympic spirit.

Lord Killanin steps down as IOC President after eight hair-raising years, and the pundits have singled out two front-runners. Favoured by the socialist states, and backed by strong Latin sentiments is Juan Antonio Samaranch, formerly a boxer and roller-hockey player who is currently Spanish ambassador in the Russian capital.

He stands against the mighty figure of James Worrall, a 6 feet 6 inch lawyer from Canada. Born in Bury, Lancashire, Worrall had the misfortune to be IOC vice-president during the Montreal games when the Taiwan team was sent packing, many Africans boycotted the affair and the local authorities contributed to the upheaval by making a hash of the construction schedule. Canadian flag-bearer at the 1936 Berlin games (the ones the Russians leave out of the record books) he is strongly fancied in Commonwealth and North American camps, and given his experience of handling bloody-mindedness, stands favourite in my book, too.

Between the lines

With some 30 strikes logged in Poland since the start of the month, it is hardly surprising that the Government is finding it difficult to suppress news of the seriousness of the industrial unrest now gripping the country. Not a word has been printed in the papers or heard on radio about the stoppages, but rumours are spreading to such an extent that the authorities have called in their obfuscation experts with instructions that the issues should be fudged as far as possible.

And, it must be admitted, they are doing an admirable job. The word "strike" is never heard from official lips. When asked about the walk-outs spokesmen talk only of "heated discussions." The official strike committee at a Warsaw tractor factory has been pressed to change its name to "workers' commission." But the euphemism with everything, in the view of my man on the spot, is the leaden term conjured up at a recent meeting of managers: "temporary weakening of production dynamics."

Brains for lunch

While I am not clear if she is seeking new ideas or reassurance, Mrs. Thatcher is certainly assiduous in her courtship of our best economic brains.

To lunch on monetarism and raspberries from her garden at Chequers last weekend she invited a clutch of economic egg-heads which included Professor Christopher Foster, of Coopers and Lybrand, Sir Douglas Wass from the Treasury, Professor Jim Ball of the London Business School, Professor Douglas Hague from Manchester and Professor Brian Griffiths of the City University.

Even though not all the guests can be called avid fans of her policies, I hear this gathering of eagles passed off peaceably. "There was no serious disagreement" one of the favoured few tells me. "Many topics were discussed and there was general agreement on broad lines of the policies being pursued."

The greatest upset experienced by the callers was in finding Chequers. For obvious reasons there are no sign posts. One gentleman tells me he took half an hour "using my intelligence and a map" to locate it. In truth he spotted a Treasury limousine and followed it to the blessed spot.

Bright side

The gloom that has descended on Oxford Street in the light of the decision not to illuminate the area this Christmas has been brightened somewhat by the interest generated by previous shows. Only last week the Oxford Street Association had an inquiry about its laser displays from the secretary of the Cape Town Chamber of Commerce, a Mr. A. Lighton.

Observer

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Ray Perman reports on Thorn-EMI's plans for the ultrasonics division of Nuclear Enterprises

Shadow over medical electronics pioneer

ATTEMPTS by Thorn-EMI to sell the sad remains of its X-ray scanner business have overshadowed a smaller, but *still significant*, part of the group's withdrawal from medical electronics—the sale of its ultra-sound interests.

Ultrasonics—the use of high frequency sound waves to give pictures of what is happening inside the body—is one of the fastest growing fields in the medical equipment market. World sales are reckoned at \$900m and expanding at 30 per cent a year.

The technology is advancing quickly, but it owes its origins to pioneering work done in Britain, much of it by Nuclear Enterprises, the small Edinburgh-based firm that Thorn now wants to break up. As in so much else, the UK has now lost its lead to the Americans and the Japanese and, ironically, the survival of what is left in Britain could depend on Thorn being able to unravel a complex knot to complete a sale of its ultra-sound activities to a U.S. firm.

The story of Nuclear Enterprises reads like an epitome of recent British industrial history. Founded by scientists in the 1950s, it blossomed under the "white heat of the technological revolution," was revamped by the Industrial Reorganisation Corporation in the 1960s, taken over by a large group (EMI) in the 1970s and is now facing an uncertain future. Thorn wants to keep half the company, involved in the profitable nuclear instruments field, and will either sell or close the other half, the medical ultrasonics division.

Nuclear Enterprises first became involved with ultra-sound in 1967 when it bought Kelvin Electronics, a Glasgow subsidiary of Smiths Industries, which had done much of the early pioneering work in collaboration with Glasgow University. Key technical staff also went to Edinburgh where they formed the basis of a development team which produced the first commercial machines.

Coincidentally, EMI came on the scene later the same year, although not in ultra-sound. In the re-shaping of the nuclear instrument industry carried out by the Industrial Reorganisation Corporation, the Edinburgh company acquired EMI's nucleonic interests and in return EMI received a minority stake in Nuclear Enterprises.

The two companies came together again nine years later in 1976. Nuclear Enterprises had established its name in medicine with its 2001 series of ultra-sonic scanners, particularly used in diagnosing kidney malfunctions, and claimed as a world leader. EMI, meanwhile, had itself dabbled in ultra-sound at its laboratories in Hayes, Middlesex, but was concentrating most of its activities in the medical field on computerised axial tomography — CAT for short. This extremely sophisticated system of using X-rays was a runaway success and EMI was intent on pressing its technological advantage by broadening out.

EMI's high profits from the scanner tempted competitors

Accordingly, it outbid GEC to buy the remaining shareholding in Nuclear Enterprises. The logic on both sides looked unanswerable. Nuclear Enterprises had 20 per cent of the ultra-sound market outside the U.S., but did not have the resources, it was felt, to make an impact across the Atlantic. Neither could it indefinitely sustain the high cost of keeping ahead of the competition.

EMI, by contrast, had the cash to do both. It had already built a huge sales force in the U.S. to sell its CAT scanners, and that swallowed Nuclear Enterprises' small sales and service team. The big group promised to retain the "style and identity" of the small business it had acquired and to make it the ultra-sound centre of the group by transferring the work done at Hayes to Edinburgh—a promise it did not keep until this year.

Things went well for a while, but within two years EMI was in serious difficulties. Its high profits from the scanner were too much of a temptation for the U.S. and Japanese competition, which moved in aggressively. At the same time some health authorities in the U.S.—by far the most important market—began questioning the high cost of such sophisticated equipment and doubts began to be raised about the safety of using high intensity radiation on patients.

In theory ultra-sound should have been exempted from some of these problems. An ultrasonic scanner costs only a tenth of the price of a CAT scanner and its relatively low energy sound waves were so safe in use that they could even be used to produce pictures of the foetus inside the womb.

Trevor Humphries

An operational but not a financial success story: the Thorn-EMI scanner in operation

But the problems being encountered by the parent company had their effect on Nuclear Enterprises. Sales started to fall. That, staff at Edinburgh believe, was largely because the sales team spent most of its time pushing the CAT scanner and neglected the cheaper and less glamorous ultra-sonic machines. More worryingly, development engineers in Edinburgh lost touch with what the market wanted and what the competition was offering. Moving the sales and service team to London had, in the words of one observer, "cut the umbilical cord" between the designers and the customers.

It is a tribute to the innovators still left in the company—and unions claim that some have left because of the recent uncertainty about the future—that they have kept Nuclear Enterprises sufficiently near the technological frontier to make the company attractive to potential buyers.

The merger between Thorn and EMI last year began the disposal of EMI's former star medical electronics division. Shortly after the public announcement in April the group revealed that it was negotiating to sell the X-ray scanner business to General Electric of the U.S., which has its own ultra-sound division. As a preliminary step, the joint sales and service team which sells both the CAT and ultra-sound scanner, is now working for GE.

Much less was said about the attempts to sell Nuclear Enterprises' ultra-sound division and rumours were rife in the company's Edinburgh plant. Two weeks ago shop stewards were called to a meeting and told that negotiations to sell were near to a conclusion. The prospective buyer, unions discovered, was Fischer of Chicago, a small corporation by the standards of the U.S. electronics industry, but one which has been aggressively expanding in X-ray equipment and is known to have been looking for a way into the ultra-sound market.

Since then there has been no news at all about the deal. Fischer refuses to comment and Thorn will say only that negotiations are still at "an advanced stage."

Unions, which were under the impression that the takeover was about to be agreed, are puzzled at the delay. One explanation could be that the joint sales and service team is proving difficult to unscramble. Although GE is primarily interested in the CAT scanner experience gained in selling Nuclear Enterprises' machines is obviously valuable to GE, which is trying to expand the sales of its own ultra-sound division and would not be keen to see salesmen move on to push a rival product.

At the same time, whoever buys Nuclear Enterprises will want a sales and service team and shop stewards say that many of the people who used to work for Nuclear Enterprises are *anxious* to come back and would do so if the company had a secure future.

The fear is that the much larger deal to sell the £16m CAT scanner business will crowd out the sale of the smaller ultra-sound activities, worth perhaps only a fifth of the price. If that were to happen and the deal with Fischer were not to be completed, closure might be the only alternative.

Thorn has up to now resisted offers from other groups with existing ultra-sound businesses. These were interested primarily in the patents and key personnel rather than in continuing to manufacture in the Edinburgh factory. Fischer appears to be the only buyer prepared to keep on the plant.

Two Scottish banks have looked at the possibility of putting together a financial consortium to make a bid. Both, however, have come to the reluctant conclusion that although money would be easy to raise for a once highly profitable company which twice won the Queen's Award to Industry, the management expertise to relaunch it as an independent company is no longer available. The present managing director will be remaining with Thorn and attempts to attract back former Nuclear Enterprises executives who have gone on to higher things elsewhere have failed.

Uncertainty is obviously affecting the plant. Mr. Fortune Masuku, representative of the Association of Scientific, Technical and Managerial Staffs, says that there are orders now pending worth £50,000 which will be confirmed if it is clear the company will survive. No-one wants to buy from an organisation that may not be around to supply spare parts and servicing.

Development work is also continuing, the latest project being modifications to the 4500 Phased Array Scanner, the most complex and expensive ultra-sound machine yet produced by Nuclear Enterprises. It was developed at EMI's laboratories, but has been dogged by technical problems. A month ago it was moved to Edinburgh.

Morale among the workforce is surprisingly high, considering they have been told very little by the management and have had to rely on their MPs to write *directly* to Thorn for information. "We don't believe that ultra-sound has no future. What we need is to be able to continue the development work and to end the uncertainty," says Mr. Masuku. "It has been months since Thorn's announcement and we haven't sold a thing."

Letters to the Editor

Unemployment and pay

From Messrs. M. Roberts and J. Sheppard

Sir,—Samuel Brittan's remark "Exponents of the conventional wage-push, cost-plus view of the world are at a loss to explain what is happening" (Economic Viewpoint, July 10) must not be allowed to pass unchallenged.

No one doubts that the rate of inflation is on the way down. The year-on-year rise in the retail price index is likely to fall below 17 per cent in July and could fall to below 16 per cent by the end of the year. Such forward indicators as we have suggest a period of stability in commodity prices, a reduction in oil prices from the unsustainable levels reached in May and a *sharp reduction* in wage settlements over the next pay round. Clearly, the rate of retail price inflation will fall sharply through 1981.

In what sense does the current response in raw material prices and the hoped-for response of wage settlements confound the "exponents of the conventional view"? *All that has happened* is that the recession in the U.S. and the UK is proving to be more severe than was anticipated, and hence price expectations are being revised down. The role of monetary policy is simply to depress demand further and ensure that the threat of unemployment exerts an earlier and more powerful impact on wage settlements.

The acid test is to ask those of the monetarist persuasion whether they correctly forecast the surge in wages and prices this time round despite the fairly steady growth of 13 per cent p.a. in sterling M3 through the last three years.

The argument that a faster growth in pay than money "*prices people out of jobs*" is highlighted by Mr. Brittan in a chart which owes far more to data selectivity and artistic skill than to any plausible prior hypothesis. For a start, if he had chosen to use the new *average earnings series* rather than the old, he would have found no significant movement in the ratio of earnings to the money supply since the new series began in 1976.

In addition, it is totally bogus to attempt to draw any conclusions from this sort of analysis. To relate unemployment to average earnings divided by the money supply requires an assumption that average earnings and the money supply are independent, and this is an assumption which even the most faint-hearted monetarist would reject. As in so many of these exercises, an indefensible statistical construct masquerading under the guise of a "reduced-form model" is employed to support a mere assertion.

The approach cannot be excused as "inevitably very broad brush." It cannot be excused at all. The very serious problem of pay and unemployment deserves a more sober assessment than one in which a *set of stylised facts* and *preconceptions* are combined to produce a predetermined conclusion.

Malcolm Roberts,
John Shepperd.
Laing and Cruickshank,
The Stock Exchange, EC2.

Funding exports

From the Managing Director, Export Finance Consultants

Sir,—May I hasten to assure Mr. Squire (July 11) that in the circumstances I described it is not only possible for the exporter to obtain both the benefit of the lower interest rate and the forward premium but it is essential for him to do so if he is not to incur an exchange risk.

Mr. Squire may have confused a term loan with an overdraft. In the case of the former the exporter will borrow the *full* amount of the loan for the full period of the term, in which event he can only benefit from the lower interest rate. In the case of an overdraft however, where he can borrow up to, say, \$100,000 at any one *time* and where this is being reduced by incoming payments of dollars, he will require to draw down dollars under his overdraft facility at periodic intervals and exchange these into sterling. If he merely exchanges the dollars at the spot rate ruling on the day he draws them down the amount of *sterling* they represent will obviously fluctuate depending on whether the dollar has weakened or hardened. If he can project his cash flow, however, and assess that he will require to draw down so many dollars at various intervals over the next X months he can sell forward each "draw down" and thereby ensure that the dollars are converted into sterling at the forward rates, and so earn the premium.

Foreign currencies constitute an essential part of exporting, and a reluctance to come to terms with this fact for the oft-quoted reason "But I am an engineer, not a banker!" is another way of saying "Electricity is dangerous stuff; it can even kill, so I will continue to make do with candle-power."

A. D. P. Edwards.
Export Finance Consultants,
Dominion House,
Bartholomew Close, EC1.

Drought and famine

From Dr. J. Palutikof and Mr. G. Farmer

Sir,—It was with interest that we read the article (July 11) on East African drought; Peter Bruce sets out admirably the major causes, both human and physical, of the current crisis.

There is, however, one point which we would like to emphasise, which is that the words famine and drought are not synonymous, as is perhaps *suggested* by this article. Famine is a shortage of food, which in the history of East Africa has arisen not only from drought but also from wars and from epidemic diseases among the herds of nomads. Drought *is caused by a shortage* of water, and should not necessarily lead to famine.

Rural communities in East Africa have long maintained agricultural and social strategies to evade and lessen the effects of drought. For example, farmers in drought-prone areas customarily plant a wide variety of crops over a period of some weeks so that, in the event of a drought, that proportion of the *crop not in a drought-sensitive phase* will survive. Among pastoral societies large herds are maintained as insurance that, by the end of a drought, some animals will remain alive. For these people high mobility during a drought, to pursue the remaining pasture and water, is their only chance of survival. Clearly, these measures will prove inadequate where the deficit of water is particularly severe and prolonged, but will ensure *survival* through a "moderate" drought.

It is the misfortune of these drought-prone areas that modern economic demands, as well as the political events mentioned by Mr. Bruce, have made *it virtually impossible* for the traditional drought-coping strategies to survive. Farmers can no longer plant a wide range of crops when the needs of the central Governments are for cash-crops, preferably grown by monoculture. The pastoralists find their mobility restricted when sections of their land, particularly the dry-season grazing, are taken over for agriculture and commercial ranching.

The current situation would seem to be one where inevitably every drought must lad to a famine. People have been deprived of their traditional coping mechanisms but no viable alternatives have been provided. The impacts of modern technology to date have been discouraging: over-grazing around boreholes; soil erosion from fields where cash crops provide inadequate foliage cover; over-population by man and animals beyond the current capacity of the land to produce food.

It is vital that real alternatives for drought control are provided for the small farmers and pastoralists. Forms of technology compatible with the social structure, systems of credit and of rational land tenure must be developed. As a first step, however, we need to know far more about the precise causes of drought in these areas. Agricultural drought arises from a soil moisture deficit. This is caused by a negative balance between the supply (rainfall) and the demand (the extraction by plants, whether these be food crops, cash crops, or grass to feed cattle). Our knowledge of both is inadequate. We do not *know precisely* how the rainfall characteristics, most significantly the amount and the distribution within the year, commonly combine to cause drought. Nor do we know enough about changes in *demand caused* by, for example, shifting to crops with higher water requirements, or digging-up rangeland for cultivation.

Dr. Jean P. Palutikof.
Graham Farmer
(Senior Research Associates),
Climatic Research Unit,
School of Environmental Science,
University of East Anglia,
Norwich.

Millstone of dual working

From the Vice-Chairman, Historic Buildings Committee, Greater London Council.

Sir,—How right Mr. Brian Rigby is to state that the "whole problem of metrication is still a matter of serious concern."

Obviously it has not yet penetrated through to him that the imposition of metrication is, even to *those* of us who support the EEC concept, one of the most ludicrous measures the public have been asked to accept and their opinion of it was rightly reflected by the decision of the Minister to wind up the Metrication Board.

If after 11 years, metrication is not wholeheartedly accepted in *this country,* surely the answer to the Board's former chairman is clear—eliminate what he described as, the "unnecessary millstone of dual working" by bowing to public opinion and reverting to Imperial measures.

Stephen J. Stewart,
Members' Lobby,
County Hall, SE1.

Inner-city strategy

From Mr. B. Fineberg

Sir,—The Government's final rejection of much of Greater London Councils' transport strategy for docklands brings us again almost full circle. Perhaps now we should reflect on the assumptions behind the docklands plan, seeking alternative strategies more relevant to current profoundly changing economic circumstances.

The Lea Valley strategy reflects a shift in priorities away from assumed benefits of improved east/west passenger transport links in favour of stronger industrial and commercial linkages northwards and southwards. A trunk route for road, rail and commercial waterway is available through N.E. London's Lea Valley to the Industrial Midlands and North and via an enlarged Blackwall Tunnel to the Medway and Channel ports.

The docklands Jubilee Line has been an act of *faith* with little practical foundation since future passenger demand was actually short of the levels needed to justify its cost. Office and residential development generated by the line would surely be *secondary to* the potential for renewed industrial and commercial activity

The Jubilee Line as planned deserves lesser priority by comparison with improvements in the movement of goods and materials called for if greater priority for industrial and commercial regeneration were sought instead (cheaper Jubilee Line extensions seem possible however using existing surface rail track). Improvements to local feeder roads are not to be cut but these need to be placed within a more efficient framework of access to trunk routes

There *will* be limits to the capacities of local road systems to cater for greatly increased freight movement without serious disturbance to local communities. Justification for the consolidation and improvement of remaining modes of transport with lesser environmental impact (and reduced energy needs), such as rail and waterborne systems must now be evident. Passenger transport access to the area could more suitably be directed to workforce catchments north and south of the Thames using existing rail links.

A Lea Valley/docklands strategy could be a catalyst for industrial regeneration creating a climate of confidence in the area which has not so far been greatly evident. Among its *benefits could* be the saving of hundreds of millions of pounds from a corresponding adjustment of current road schemes.

Current financial stringencies must concentrate the mind on economic alternatives to current strategies. Is it too much to expect that Greater London Council and the Department of Transport might again be prevailed upon to examine the proposal for a Lea Valley/*docklands strategy objectively,* urgently and in suitable depth, or perhaps now is the time for Parliament to request that this be done?

Barry Fineberg.
82, Antrim Road, NW3.

Today's Events

GENERAL

UK: Mr. Denis Healey, Shadow Chancellor, speaks at American Chamber of Commerce lunch, London.

Mr. John Anderson, independent candidate for U.S. presidency, starts three-day visit to London.

Mr. Geoffrey Finsberg, Environment Parliamentary Secretary, speaks at Shrewley, Warwickshire.

Mr. Neil Kinnock, Opposition spokesman on education, speaks at Sutton, Surrey.

World Wine Fair and Festival opens, Bristol (to July 16).

National Council on Alcoholism annual report published.

Overseas: EEC Economic/Finance Council meets, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, report stage. Motion on Summer Time Order.

House of Lords: Social Security (No. 2) Bill, third reading. Tenants' Rights (Scotland) Bill, committee stage. Motion to Approve Summer Time Order, 1980.

Select Committees: Industry and Trade, Room 16, 10.45 am. Transport, Room 17, 11 am. Public Accounts, Room 16, 4.15 pm. Transport, Room 17, 4.15 pm.

OFFICIAL STATISTICS

Cyclical indicators for the economy (June). Index of industrial production for Wales (first quarter). Indices of average earnings (May). Indices of basic rates of wages (June).

COMPANY MEETINGS

Alliance Investments, 1 Laurence Pountney Hill, EC, 2.30. Brent Walker, Tower Rooms, 23 Tower Place, Tower Hill, EC, 4.30. Continuous Stationery, 87 Eaton Place, SW, 12. Dawson International, Edinburgh, 11.45. Electra Investment Trust, Temple Place, WC, 2.15. Fashion and General Investment, 100 Old Broad Street, EC, 12. Highams, Woodnook Mills, Accrington, 12.30. Hunting Gibson, 118 Park Lane, W, 12.30. Idris Hydraulic Tin, 65 London Wall, EC, 12.15. London Prudential Investment Trust, 20, Fenchurch St, EC, 11.15. Macanie (London), 22 Hanover Square, W, 12. Mansfield Brewery, Rufford Arms, Chesterfield Road, 11.30. H. Samuel, Hunters Road, Hockley, Birmingham, 12.

Near £7m profit growth for Magnet & Southerns

Taxable profits of Magnet and Southerns, manufacturer of prepared joinery, doors and ancillary products, rose by £6.82m to £25.82m in the 12 months to March 31, 1980.

A final dividend of 4.5p is being paid on capital increased by a one-for-two scrip issue, which makes a total for the year of 7.5p net, against an equivalent 5.74p.

The board is also proposing a further one-for-two scrip issue.

Chairman, Mr. S. Oxford, says with the economy beset with a serious recession and high inflation he cannot expect the company to stand immune from any of the effects of such a combination. Nonetheless, he believes the company is better cushioned than most and "relatively speaking will perform very well in what looks like being a difficult period."

Figures for the first quarter have stood up reasonably well, he adds.

At mid-year there was a surplus of £12.8m, compared with £9.23m, and the chairman expected results for the year to justify the confidence he expressed in his last annual statement.

The profit for the year was struck after adding investment income of £1.41m (£894,214) and extraordinary credits of £50,533 (£44,759).

After tax of £8.97m (£8.62m) attributable profit was up from £11.04m to £16.86m.

Turnover increased to £139.62m against £118.13m. Earnings per 25p share are shown as 23.7p (15.7p).

Southern Evans, one of its main subsidiaries, had a taxable surplus over the year of £9.81m (£8.14m).

Turnover rose from £79.95m to £89.79m. After tax of £3.75m (£3.4m) earnings per share are given as 43.58p (33.97p).

● comment

Pre-tax profits from Magnet and Southerns have risen by 31 per cent over the year, with the main strength, as usual, at Magnet Joinery, where there was a 39 per cent profits gain. While a series of price increases helped Southerns-Evans improve margins, volume on this side is unchanged, with Magnet Joinery's volume gain of 7 per cent or so accounting for all the group's 5 per cent growth. By the second half demand on the housebuilding side was slackening and in the first quarter of the current year volume overall has fallen about 5 per cent. So pre-tax profits in the current year may be static, which will throw a strain on the p/e rating of 10, fully-taxed, on the share price of 183p, up 1p yesterday, particularly in the light of the low yield of 6 per cent. Nevertheless, the company moves into the recession with a strong balance sheet and it should be able to add to its cash surplus this year.

HIGHLIGHTS

The long awaited takeover attempt by **Midland Bank** has emerged in the shape of a deal with **Crocker National Corporation**. The Lex column examines the financial aspects of the proposed acquisition which also coincides with a smaller, but still important, purchase of a private German bank. Back home a domestic merger between **Vickers** and **Rolls-Royce Motors** is running into some flak judging by the intervention of merchant bank **Bae Brothers** which is coming out in opposition. Lex also looks at the buoyancy of the stock market both ahead and after the publication of the latest trade figures. On the inside pages there is news of the **Marinex** offer for sale which also gives an estimate of the potential of Humbly Grove. There is some surprisingly bad news from **Central Manufacturing and Trading** where a board room shake-out and indications of poor trading knocked the shares down 8p to 34p.

RECEIVER CALLED IN AT FUTURAIL

A receiver has been appointed at Futurail (Banbury), which manufactures equipment for the laundry industry.

The receiver, Mr. Ian McIsaac of Touche Ross and Co., accountants, said "Futurail employs 70 people and I have been called in due to adverse trading conditions. The company will continue trading for the time being while I evaluate the company's prospects."

Turnbull Scott prospects

Mr. M. T. Turnbull, chairman of Turnbull Scott Holdings, shipowner, says in his annual report that it is difficult to be optimistic about the future outlook for shipping. He says it is ominous that current rates for chemical tankers, which provided a substantial part of the shipping profit in 1979-80, have now deteriorated.

The larger bulk carriers are still trading well, but with the world recession, he hesitates to forecast any improvement next year. He is hopeful, however, that the company's engineering and travel agency subsidiaries will continue to trade successfully.

As known, the company reported a pre-tax loss of £284,000 in the 12 months to March 31, 1980. In the period between February 1, 1978 and March 31, 1979, it reported a loss of £2.2m.

Shareholders' funds amounted to £12.09m (£12.42m). Secured banks loans at the year-end were £8.22m (£13.34m). Meeting, Ironmongers' Hall, Barbican, August 5, noon.

CMT warns of profit and dividend reduction

BY RAY MAUGHAN

Central Manufacturing and Trading Group is warning of a reduced final dividend for the year, which closes at the end of this month, as a result of a further deterioration of trading conditions and severe pressure on margins.

The board, which has again been re-shuffled, states that "it seems probable that results for the second half of the year will be significantly worse than for the first half."

At the interim stage, the then chairman, Mr. Tony Hickman, said that "demand for our products generally remained flat, resulting in margins coming under pressure" although he could not quantify the costs of the CSEU and steel strikes. Profits fell from £1.4m to £1.07m while turnover climbed by almost £10m to £43.52m.

The interim dividend was maintained at 1.65p net per share and a total of 3.3p was paid last year.

Mr. A. G. L. Alexander has been appointed non-executive chairman in place of Mr. N. A. Hickman who leaves the board after just a year in the post of chairman and chief executive to devote his full time to personal business interests. His brother has also resigned.

Mr. Alexander and Mr. R. D. Cowell joined the board to represent Hanson Trust's interests when Hanson acquired a 13.3 per cent stake in CMT last summer. Mr. R. L. Lewis formerly chairman of the stockholding division becomes group chief executive after a year on the main board.

CMT has achieved some reduction in borrowings since the interim announcement in May and efforts are continuing to make further reductions through the sale of surplus assets and control of capital employed.

A start in this direction has already been made. CMT Steel Services and Baxters (Bolts, Screws and Rivets) have been slimmed down and CMT Transport Services and CMT Wells Kelo were closed last year.

The combined effect was to release cash amounting to some £3.5m. With a positive operating cash flow, borrowings are expected to fall by perhaps £6m to about £7m.

Mr. Michael Hale, the company secretary who was also appointed to the board last summer, said yesterday that a review of the group's assets and total structure was still in progress and although CMT was not yet able to draw any conclusions from its findings so far, it is almost inevitable that the busines will be slimmed further.

● comment

A glance at CMT's five-year financial record speaks volumes about the decline in profitability over the period and says even more about its vulnerability to recession and high interest rates. Total funds employed have virtually doubled to almost £34m while trading profits have climbed by a mere £700,000 to £4.7m. Debt, short-term, has risen from £4.5m to £11.2m. CMT has been steadily buying businesses over the last decade and the remorseless fall in the return on funds employed pinpoints the hazards of building a mini-conglomerate. The group admits that several of its assets overlap and are surplus to requirements. The effects were most marked last year when, although profits were broadly static, working capital jumped by £4.5m. It is possibly too early to say how the group will be structured eventually but trading margins in most divisions are slight. The small tubes, fittings and forgings operation returned 15.3 per cent in 1979 but industrial services made under 8 per cent and stockholding was offering only a 5 per cent trading margin last year. The shares dropped 8p yesterday to 34p and the only immediate prop is the memory of recent abortive bid negotiations and Hanson's influence. The market capitalisation is just under £9m.

Marinex Petroleum makes debut: offering will raise £8.6m

BY ALAN FRIEDMAN

MARINEX PETROLEUM, an oil exploration company with a 14 per cent stake of the Humbly Grove onshore field near Basingstoke, is to make its market debut next Monday with an offer for sale of 5.4m ordinary 10p shares at £1.60 per share, raising £8.6m.

The offer, which represents only 20 per cent of 27m issued shares gives the company a market value of £43.2m. Dealings are scheduled to start under Rule 163 (iii), a listing used by several secondary UK oil groups.

The Marinex prospectus estimates the size of recoverable reserves in the Humbly Grove field at between 16m and 21m barrels. This would indicate a net Marinex interest of 2.2m to 3m barrels of oil. But Mr. John Leonard, chairman of Carless, Capel and Leonard, the operator of the field, yesterday could not confirm the Marinex estimates.

"Although the Marinex figures estimate a specific size, we would prefer to await further information, including the drilling of a second well, before coming to our own conclusions," he said. Mr. Leonard added that a second Humbly well might not be drilled until next year.

Marinex was formed in 1971 by three American geologists—Dan Williams, Andrew Fish and John Kinard—for the purpose of exploring for petroleum in the UK. Mr. Williams, who is managing director, has also served as chief geologist to Carless Capel on the Humbly Grove project.

The three founders, as principal shareholders of Marinex, will retain most of the 80 per cent of the shares not being offered to the public. For the purposes of the offer they are making available 4.42 per cent of their interest, yielding them proceeds of £1.6m.

After paying for the expenses of the offer, including £52,500 to stockbrokers Carr Sebag, the net proceeds available to Marinex will be £6.85m. Of this, Marinex expects to spend £1.2m in further appraisal and development wells at Humbly Grove.

The company's principal interests are in exploration for oil and gas in the Regneses Basin of Southern England. This includes holdings in a field at Yarnbury in Wiltshire, where Carless Capel (as operator) will begin drilling by the Autumn. Other Marinex holdings include interests in the Hampshire Swale, Rogate Prospect (14 miles south-east of Humbly) and Bletchingly gas field.

Although the company will not say what it estimates its total net assets to be, Mr. Alfred Goodfellow, the chairman, said yesterday that valuing Humbly oil at £10 per barrel, the Humbly stake could be worth between £20m and £30m.

Drilling plans this year include the Yarnbury stake and possible activity at Rogate in late 1980. Bletchingly is to be drilled during 1981.

Marinex incurred a net loss last year of £15,513, bringing its accumulated deficit to £99,677 at year end. The company has not paid any dividend since incorporation.

● comment

The drum-beat of secondary oil companies gets louder all the time. But Marinex Petroleum, an onshore exploration group, is slightly different from the parade of rights issues and new issues geared to the Seventh Round of North Sea licence bidding. Although it is offering only 20 per cent of its issued share capital to the public, Marinex is asking for a gross sum of nearly £9m. Moreover, in deciding on pricing, its mentors have valued the company at £43m, a tidy size for a fledgling without a barrel in the balance sheet. Yet, Marinex has a 14 per cent stake of Humbly Grove, which is undisputably Britain's most exciting onshore prospect since Wytch Farm. If estimates by its Texas-based petroleum consultant are accurate, the Humbly interest will be valuable indeed. Also to its credit, Marinex has large onshore acreage in a number of promising areas in Southern England. But potential investors should not gloss over Marinex's own warning, printed in red on the first page of the prospectus: "Investment in an oil exploration company such as Marinex is speculative."

Wood and Sons runs into losses

A VARIETY of adverse factors have resulted in a pre-tax loss of £189,787 in 1979 for Wood and Sons (Holdings), earthenware and packing material maker, compared with profits of £189,933 previously. No final dividend is recommended, leaving the interim of 0.7p net to compare with the 1978 total of 1.675p.

The directors say results have been affected by the road haulage strike, a fire in the main clay making department at Trent pottery, high interest rates, the strong pound and the general recession in world markets. In the first six months, profits had slipped from £241,000 to £217,000.

Difficult trading conditions have continued in 1980, but in view of a vastly improved order book, the prospect of lower interest charges and the heavy rationalisation programme embarked upon, it is anticipated that a return to profitability will take place during the latter part of this year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Atlantic Assets	1	Nov. 24	0.95*	1	0.95*
Glove Inv Tst. ...2nd int.	3.7	Aug. 8	3.1	7.25	5.6
H.A.T. Group	1	Oct. 3	0.89	2	1.71
Jones, Stroud	3.2	Oct. 11	3.2	5.2	5.2
Ladies Pride ...int.	1.4	Sept. 29	1.17*	‡	2.83*
Magnet & Southerns	4.5	Oct. 1	2.66*	7.5	5.74*
Meldrum Inv. Tst. ...int.	1.25	Sept 5	1	—§	¶3
Neil & Spencer ...int.	1.4	Oct. 3	1.4*	—	3.5*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 2p forecast. § Final of 1.75p forecast. ¶ Includes 0.5p special dividend.

Static first half at Neil and Spencer

ON SALES up from £9.86m to £14.62m, Neil and Spencer Holdings, dry cleaning, laundry and textiles machinery manufacturer, finished the first half to May 31, 1980 with pre-tax profits £11,000 higher at £736,000.

Prospects continue to be encouraging, say the directors, although full year profits are not expected to come up to earlier expectations. Last year's profit was £1.75m. Current trading is satisfactory in some areas but less so in others.

First-half turnover was affected by high interest and exchange rates, they say, and as forecast there was a substantial reduction in orders for laundry machinery from the health and prison services.

But recent acquisitions, particularly D'Hooge and Westair-Hargreave, have traded well and these and other newer areas of activity offer considerable growth potential.

Basic earnings per 10p share, after tax of £285,000 (£315,000), are shown at 4.1p (4.4p). The interim dividend is effectively held at 1.4p net—last year's total, adjusted for a one-for-one scrip issue, was 3.5p.

After minorities' profits of £36,000 (£12,000) and an extraordinary debit of £47,000 (£30,000 credit), the attributable surplus emerges at £368,000 (£428,000), of which dividends absorb £142,000 (£127,000).

● comment

Profit growth of Neil and Spencer is being held back mainly because hard-pressed hospital and prisons are deferring purchases of laundry equipment. Moreover, with 35 per cent of sales going to export markets, the group is still adjusting to being a high-cost supplier. Recent acquisition, Westair-Hargreave, has enjoyed strong markets for its dehumidifiers and stands to participate in the £1bn military tank programme announced this week as supplier of air control systems. However, group profit for the full year is unlikely to be more than £2m as some have been hoping. At 84p, down 2p, the shares trade at 9.5 times fully taxed prospective earnings and yield 6 per cent if the final dividend is unchanged.

Yearlings stay at 13¾%

The interest rate on this week's issue of yearling bonds is 13¾ per cent, unchanged from last week. Issued at par, they are redeemable on July 22, 1981.

The issues are: St. Helens Metropolitan BC (£0.5m); Inverclyde DC (£1m); Spelthorne DC (£0.5m); Taunton Deane BC (£0.5m); City of Newcastle Upon Tyne (£0.5m); Newport BC (£1m); South Derbyshire DC (£0.25m); Woodspring DC (£0.25m); Wycombe DC (£1m); Brentwood DC (£0.25m); Trafford BC (£0.25m); Borough of Guildford (£0.5m); North Wolds BC (£0.5m); Blaby DC (£0.4m); Metropolitan Borough of Wigan (£0.5m); Ynys Môn—Isle of Anglesey BC (£0.5m); South Bucks DC (£0.25m); Breckland DC (£0.5m); Derwentside DC (£0.5m); Borough of South Tyneside (£0.75m).

Cannock Chase DC and South Yorkshire CC have each raised £0.5m by way of 13¼ per cent bonds due on July 13, 1983, at par. City of Winchester has raised £0.5m by way of 13¾ per cent bonds due on July 14, 1982 at par.

Ladies Pride advances

ON SALES up from £3.79m to £4.2m, taxable surplus of Ladies Pride Outerwear, fashion wear manufacturer, improved to £580,360 for the half year ended May 31, 1980, compared with £507,544.

The directors say that all garment factories are fully committed for the autumn.

An effective increase in the interim dividend from 1.1667p to 1.4p net is announced, and a final of 2p (1.667p) is forecast.

Tax for the period took £302,000 against £264,000, after which earnings per 20p share are shown as 3.44p (3p).

For the whole of 1978-79 sales totalled £7.98m and pre-tax profits were £1.13m.

SPAIN

July 15	Price %	+ or −
Banco Bilbao	226	
Banco Central	250	
Banco Exterior	210	
Banco Hispano	226	−3
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	281	+1
Banco Urquijo	145	
Banco Vizcaya	238	
Banco Zaragoza	213	+2
Dragados	80	+1
Espanola Zinc	59	−1
Fecsa	60.5	+1.3
Gal. Preciados	24	+0.5
Hidrola	65.7	+1.0
Iberduero	61.2	
Petroles	115	+0.5
Petroliber	85	−1
Sogefisa	107	
Telefonica	61	
Union Elect.	65.7	+0.7

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£3.5m earnings rise at Globe Investments

FOR THE year to March 31, 1980, earnings after tax of Globe Investment Trust, an Electra House company, showed a £3.5m improvemeet at £13.93m. Tax charged for the 12 months amounted to £7.01m, compared with £6.18m.

Following the acquisition of West of England Trust, the despatch of the report and accounts has been re-scheduled to the end of July and the AGM will be held in September. The directors have therefore declared a further interim dividend, in lieu of final. At 3.7p net, this raises the total payment for the year from 5.6p to 7.25p, an increase of 29.5 per ceet.

Basic earnings per 25p stock unit are stated to have risen from 6.167p to 7.935p and fully diluted are up from 5.975p to 7.873p.

Gross revenue for the 12 months totalled £24.68m (£19.97m). Minorities amounted to £1.04m (£0.92m) and £1.11m (£0.88m) was edded to reserves.

At March 31, net asset value per stock unit stood at 159½p (183½p); fully diluted it was 155½p (179½p).

Mr. Michael Stoddart, a director of Globe, said that the coetribution from West of England Trust was fairly small and only related to a five-week period.

The fall in net asset value was due to the large elemcet of goodwill in the West of England balance sheet and the disappearance of the investmeot currency premium as woll as the underlying fall in the value of stocks.

Atlantic Assets increase

REVENUE of Atlantic Assets Trust investment trust, came out ahead from £400,000 to £552,000 for the year ended June 30, 1980, after tax of £300,000 against £224,000.

The dividend is effectively lifted to 1p (0.9524p) net per 25p share, and a oee-for-20 scrip issue is proposed.

Gross revenue amounted to £1.61m, compared with £1.37m, and after preference dividends of £70,000, the available balance came to £482,000 (£330,000), or 1.74p (1.19p) per share.

A balance sheet shows shareholders' funds of £66.42m against £40.44m, and net asset valee per share, after prior charges at par, of 239.3p (145.7p). Investments amounted to £71.07m (£46.55m).

A spokesman for Ivory and Sime, the managers of Atlantic, said that the trust's biggest shareholding is in LASMO, which accounted for 13 per cent of the portfolio at the year-end. Following the marger with Oil Exploration some LASMO shares, he said, bad been sold.

As for the geographical breakdown of the portfolio, around 51 per ceet of the trust's assets are now in the UK (around 45 per cent a year ago), with the U.S. weighting largely unchanged at 28 per cent, and the Caeadian exposure up from 7 per cent to 14 per cent.

This is largely dua to the Teck stake, which bas increased from £2.8m to more than £5m in spite of the strong pound.

Crescent Japan falls to £47,000 in first half

A decrease in pre-tax revenue from £217,643 to £46,866 is reported for the first helf to Juna 30 by Crescent Japan Investment Trust. Pre-tax revenue for all of 1979 was £513,000.

The company says the first-half fall is due priecipally to the higber iecome received in 1979 on sterling beld as colleteral against overseas borrowings. Since these borrowings were repaid in October 1979 this source of revenue is not available in the current year.

Taxation for the six months took £24,370 (£113,174). Earniegs per 50p share are given as 0.33p (1.67p) and net asset value per shore is 181p (176.4p). Again there is no ieterim dividend. Last year the net total was 2.5p.

Greene King warns on difficult year ahead

ALTHOUGH Greene, King and Sons bas improved its position, the current year will eot be easy as recent beer sales have been below expectations, Mr. W. J. Bridge, chairman, tells shareholders.

However, expansion cootinues with a new depot for free trade recently opeeed in Loedoe which will enable better service to be given to the existing trade there aed to meet a growing demand, the chairman reports.

For the same reasoo, the depots at Norwich and Rayleigh have been moved to larger premises. The wine and spirit departmeet at Bury St. Edmonds is also being enlarged at a cost of some £500,000 and will provide adequate space to meet foreseeable demand.

At Biggleswade, new racking plant for filling casks and a ecw boiler has been installed while more fermenting capacity at Bury St. Edmunds will soon be ready and the new draught beer departmeet is fully operatioeal.

The group's greater thrust in London will be supported by advertising on bus sides and on commercial radio. Developmeot of two new products is in progress and these will be marketed later in the year, says Mr. Bridge.

The group has not been deterred by current interest rates from expanding and modernising production capability although capital expediture will slow down in the next two years as planned.

For the year to April 27, 1980, turnover totalled £48.59m, up by 13 per cent and profits before tax were £5.8m, ae increase of 14 per cent after allocatiog £108,000 to the profit sharing scheme.

CCA profit is reduced to £4.82m after adjustments for additiooal depreciatioe, £624,000, cost of sales, £554,000 and gearing, £192,000.

The group's balance from trading was up 19 per cent but interest receipts were lower, with depreciation of fixed assets and financing charges higher than usual due to the cootinuing capital expenditure programme.

The level of trade in pubs grew slightly and free trade continued to expand and represented 46 per cent of beer volume. Total barrelage was 3 per ceet higher than in 1978-79.

Sales of lager accounted for 22 per cent of volue and confirm the Board's eethusiasm for the lovestmeot io Harp Limited whose products continue to be higbly acceptable, the cbairman adds.

Meetieg, Bury St. Edmunds, Aueust 14 at noon.

Ultramar conversion

The board of Ultramar Company has annoueced that over 75 per cent of the company's 7 per cent convertible redeemable preferred £1 shares have beeo converted into fully paid ordinary shares aod as a result, the remainiog preferred shares held will be converted into ordinary, ie accordaece with its Articles of Association.

It has been decided to exercise this right beceuse, letcr alia, there would be a limited market in the balance of uncoeverted preferred shares represeeting less than 8 per ceet of the original issue. To date 14.14m perferred shares (92.3 per cent of the original issue) have beee converted.

As a result of the one for-oee scrip issue of ordinary shares in May, the conversion terms have beee ameeded to 20 ordieary for every 19 preferred shares.

Record £18.5m first-half sales for Flymo

Record half-year sales of £18.5m have been announced by Flymo, the manufacturer of powered lawnmowers. Second-quarter sales of £8.6m compare with the previous £5.8m and the company says it is on target for anothar annual peak against last year's record £21m.

Mr. Peter Bullock, Flymo managing director, said current production exceeded 700,000 mowers and output for 1981 would be substantially increased for the fourth consecutive year.

Flymo's parent company, Electrolux, is to acquire the Norwegian-based A/S Norlett Group, Europe's largest maeufacturer of cultivators and a mejor producer of coeveetional lawnmowers.

H.A.T. moves up to record £4m

SECOND-HALF taxable profits of H.A.T. Gronp, specialist subcontractor to the construction Indostry, moved ahead from £1.39m to £2.3m giving a record £4.01m for the year eeded February 29, 1980, compared with £2.62m. Turnover for the full period rose by £6m to £81.2m.

Whee reporting first-half profits of £1.7m (£1.23m) oe turnover up £5m to £40m, the directors forecast that the full year figures should well exceed the previous year's.

They now say it is difficult to predict the outcome for the current year, but the group's continuing high level of efficiency could eoable it to hold its position and make further progress.

Stated yearly earnings per 10p share were 0.2p higher at 6.4p, while e eet final divideed of 1p increases the total payment from 1.71p to 2p per share.

Tax charge was well up from £46,000 to £913,000

● comment

HAT Group's rate of growth last year had been widely forecast and a 34 per cent pre-tax advance, excluding a coetributioe of some £500,000 from G and M net of financing costs, comes as eo real surprise. The shares fell back by 1p yesterday to 36½p. The group is taking ae uederstandably cautious line through this year's prospects but there is little vulnerability implicit ie a fully taxed p/e of 9.3 aed a yield of 8 per ceot. Indeed, HAT is the type of business to fare relatively well through this recession. Gearing is negligible and cash flow of around £3m was almost sufficieet to eliminate the debt incurred oe the G and M ecquisitioe. The return on capital is over 25 per cent and it must be a reasonable guess that effects of inflation on a comparatively low fixed asset base are limited. Equally to the point, the depeedeece on the cyclical eew constructioe market bas been reduced to only a fifth of pre-tax profits. The shares are a good long term hold and there is pleety of growth inherent in the expansioe of the House and Trade maintenance network.

Tricentrol listed in U.S. and Canada

Dealiegs started yesterday on the New York and Toronto stock exchanges in the shares of Tricentrol, the UK-based resource exploration and production group.

The listings by Tricentrol follow the public offering of 3m American Depositary Shares (ADS) which raised $55.5m, or $49m net, for the group.

Each ADS was priced at $18.50, represeeting a 2 per cent discount on the sterling middle market price for Tricentrol's shares on July 2—the day before the announcement of the U.S. cash-raising operation.

In Loodon yesterday, Triceetrol's shares rose 10p to 360p.

N. M. Rothschild launches multi-currency cash fund

N. M. ROTHSCHILD AND SONS is to launch a multi-currency cash fund, based in Guernsey, which will offer companies a new means of hedging against currency liabilities as well as allowing UK investors a new means of taking advantage of the removal of exchange coetrols.

The fund, called Old Court International Reserves, will permit investment in 10 major currencies including starling and is based oe similar principles to existing sterling cash funds established in the Channel Islands.

Investors can purchase shares in any of tha designated curreecies and thus obtaie a portfolio of short-term deposits and monetary instruments in the currency of thair choice. There is no dividend, bet the earnings from the fund are accrued daily to the value of the shares which are to be listed on the London Stock Exchange.

Besides sterling the currencies available are Belgian francs, Canadian dollars, Deutschemarks, Dutch guilders, French francs, Italian lire, Singapore dollars, Swiss francs and U.S. dollars.

Rothschild officials said yesterday they expect the yield on the shares to be equivalent to the best rates otherwise evailable on eurocurrency deposits less about 1 per cent per aneum le charges. The fued managers will seek to invest the portfolio in such a way that eo tax charges are incurred.

It will be up to the individual investor to select the curraecy make-up of his sbares, but switchieg between the various elements will be possible and Rothschild will agree themselves to manage investments exceeding £100,000.

Rothschild said the fund offers a particular attraction to UK companies since the accrual of earnings results in a capital gain taxed at 30 per cent, rather than income which would incur corporation tax at 52 per cent.

It does, bowever, also offer individuals a relatively cheap way of investing in currency deposits even though it is eot fully clear whether the UK Inland Revenee would treat the accrued earnings as income or capital gain for individuals.

Robt. Fleming passes £8m and raises dividend

Profits of Robert Fleming Holdings expanded from £6.51m to £8.12m for the year eeded March 31, 1980, and after tax, up from £2.69m to £3.78m, the available balance emerged at £4.34m against £3.83m.

The dividend per share is increased by 3p to 15p net with a final of 10p, payable August 6, which absorbs £1.73m, compared with £1.38m.

Mr. William Merton, chairman, tells shareholders in his annual review that inflation threateus to remain at such a high rate that the group's increased costs can only be met by significant real growth in its activities: "We hope that by the developmeet of our strengths we shall be able to achieve this but in present coeditions the future is far from certain."

Profits, which were split as to merchant banking £5.23m (£4.41m), and invesimeet trust £2.89m (£2.11m), were struck aftar interest of £18.69m (£9.2m), payable on loans to and deposits with the group. After dividends the amount retained was £2.61m (£2.44m).

Mr. Mertoe says that Robert Fleming and Co. had a very good yaar; the additional banking business was obviously helped by high interest rates, he states, and the property investment service made further progress.

Robert Fleming Investment Management increased its business, but a rise in costs absorbed the additional revenue.

Jardine Fleming, the Hong Koeg associate, enjoyed an active year, bnt owing to the exceptional strength of sterling the contribution to group profit was significantly lower.

Shareholders' funds totalled £37.39m (£34.08m), deposits, current and other accounts £161.11m (£118.09m), casb at bankers, in hand and at short notice £68.65m (£53.51m), and loans, advances and other accounts amounted to £94.36m (£69.14m).

Mr. Merton is retiring at the end of 1980 and will ba succeeded by Mr. Joe Burnett-Stuart.

Meeting, 8, Crosby Sq., EC, on August 6, at eoon.

Fredk. Parker first half setback

A sharp drop in pre-tax profits, from £0.32m to £14,000, is reported for the first half to March 31 by the Frederick Parker Groep, the Leicester-based manufecturer and hirer of construction equipment.

Turnover was up from £14.17m to £15.2m. There was a tax credit of £35,000 against a cbarge of £425,000.

For the year to September 30, 1979, the group reported profits of £4.08m oe £31.67m turnover.

While expecting a significant improvement in the group's performance ie the second balf, the directors have decided to rcduce the ieterim dividaed to 1.2p (2.475p). Last year a total of 8.993p was paid.

Mr. K. J. Parker, chairman, says the volume of despatches in Frederick Parker has been depressed by several factors in the first half, although thera has beee a sustained improvemaet in orders.

Sales and profits of Hireplant are well ahead, although the usual seasonel increase in trade has eot been realised to the normal degree. The division is expected to show record profits for the full year.

The shares are traded on a market made by M. J. H. Nightingale and Co.

41 companies wound-up

Compulsory winding up orders against 41 companies were made in the High Court. They were:

Langley-Lawson Cleaning Company, Midas (Plant and Engineering), Airtimetable Publications, Lamoco International, Jomar Leisure, Ravenmark, and Buckley and Skidmore.

World Wide Erection and Maintenance Service, Vanocdown, D.M. Accessories, Monarch Stadiums, and D. and P. Insurance Brokers.

Clywood Builders, Dunster and Margerum, Intercity Plumbing, Kelerfern, and Polnloss.

Tennadale, Tepway, Wigbond Transport, Paragon Europe (Creative Recreations), Cimidel Transport, Brandling Metals, and Camborne Roofing Contractors.

Pickville Builders, Elliott Young Promotions (Wimbledon), Kismet-Dynaflex, Michael Page Developments, Goodwill Travel, Bloxhurst, and Jancar Export.

Mansgrade, Central Textiles, Regis Packaging, Mansert France, and B.M. Skip and Compactor (Sales).

Barlyn Properties, Quarry and Factory Services (Wrexham), Voysey Property Company, B.A. School of Successful Writing, and Bond Street Publishers.

A compulsory winding-up order made on July 7 against G.C. Merchants (Jawellary) was rescinded and dismissed by consent. A compulsory order bad already been made against the company at Birmingham County Court on June 27.

Further profit fall leaves Jones Stroud on £2.1m

SECOND half decline higher than that seen at mid-year left taxable profit at Jones, Stroud (Holdings) well down at £2.06m, against £2.79m, for the year to March 31, 1980. Sales of this fabrics, accessories and materials manufacturer were ahead from £28.69m to £30.95m.

The performance in the second six months was in line with expectations, at halftime when profit slipped to £1.06m (£1.41m).

The company says there has been a further weakening in demand, particularly in the textile industry, since March resulting in lower sales and pudding pressure on margins.

The directors go on to warn: "It is apparent that the profits of the first half of this financial year will be lower than those of last year and the short term premises to be more difficult than at any time since the war."

After a tax charge of £706,000, compared with £791,000, stated earnings for the year were 7.48p lower at 21.69p but the net total dividend is being maintained at 5.2p by a 3.2p final. It is proposed that holders have the option to receive the final in ordinary shares.

Profit was struck after interest £268,000 higher at £742,000 and included a share of associates up from £362,000 to £446,000. Extraordinary debits amounted to £213,000 (£195,000) including £101,000 losses (£18,000 profit) on reorganisation, £145,000 (£216,000) adverse exchange movements and £25,000 (£123,000) goodwill written off arising on acquisition.

● comment

After a bad first half, Jones, Stroud (Holdings) had an even worse second six months, as pretax profit fell 28 per cent to £1m. Demand for textile trimmings dropped while electrical equipment sales remained depressed after the engineering strike. With a further serious decline in textile demand since the year end, the company has been cutting costs aggressively. Bank borrowings, up to £5.6m at the year end, 46 per cent of shareholders' funds, have since been reduced to £4.1m. Capital spending has been stopped and a positive cash flow is expected. The dividend is still covered 2.7 times and the Jones family and its trusts, which hold 55 per cent of the shares, have opted to take their final dividend payment in shares, saving the company £140,000. At 66p unchanged, the shares yield a slightly nervous 11.8 per cent and trade on a realistic 6.3 times fully taxed earnings.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated Newspapers, Birmid Qualcast, Daily Mail and General Trust, Marsh and McLennan, Union Discount.

Finals: Crossfriars Trust, Greig Shipping, Nchanga Consolidated Copper Mines, Western Board Mills.

FUTURE DATES

Interims:

Adams and Gibbon	Aug. 7
Corn Exchange	July 24
Jatel	July 24
Queens Moat Houses	Aug. 22

Finals:

Burt, Boulton	July 24
Commercial Bank of Australia	Aug. 28
Great Universal Stores	July 17
Hogg Robinson	July 22
Lynton	July 18
Midland Trust	July 31
Mining Supplies	July 24
Stroud Riley Drummond	July 24
Trafford Carpets	July 18
Wyndham Engineering	†July 22

†Amended

Progress at Time Products

SO FAR this year Time Products, the watch and jewellery distributor, had improved its market share and its own watch brands continued to make progress, shareholders were told at the annual meeting.

Sales to date had reflected the prevailing retail conditions but comparisons with last year's figures had little meaning due to the very special factors affecting the first half last time, the directors said.

James Finlay seeks acquisition

A suitably sized company is being actively sought in the UK by James Finlay and Co., not only to increase the group's income but also to alleviate its advance corporation tax position.

Sir Colin Campbell, the chairman, tells members that a number of propositions have already been examined but rejected. In the meantime the current high rate of return on liquid funds is assisting with ACT which in the 1979 accounts amounted to £0.9m (£0.4m) out of a total tax charge of £4.9m (£7.1m).

Currently, Finlay has over £12m of cash laid out in the money market. Liquidity is being helped by more up-to-date remittance of overseas profit, although substantial amounts are still due from Kenya.

As known group taxable profit last year slipped to £11.03m (£12.14m). At the trading level the decrease was from £10.63m to £9.79m.

On plantations, which contributed to £2.99m, against £6.9m, to the trading result, Sir Colin says that current interest rates throughout the world induce the holdings of minimum stocks but the group continues to believe that the long-term balance of supply and demand is likely to move in producers' favour.

Though not optimistic about attempts to set up an international tea agreement he points out that in a number of areas prices are not covering production costs.

The decline in plantation performance was partly offset by a rise in profit from trading, servicing, manufacturing and merchanting to £2.8m (£1.93m), and £2.15m (nil) from finance and investment. In other activities trading profit was: merchant banking £98,000 (£53,000); confectionery and beverage making £1.23m (£0.97m); and international confirming and finance £0.51m (£0.77m).

At year-end overdrafts and short-term loans were up at £21.44m (£20.82m) while medium- and long-term loans amounted to £7.68m (£8.02m). Shareholders' funds stood at £70.04m (£68.19m).

Meeting, Glasgow, August 1, noon.

Confidence at Anderson Strathclyde

At present the market for mining products in general continues to be reasonably firm and the outlook for business continues to be bright, Mr. R. H. Thorpe, chairman of Anderson Strathclyde, says in his annual report.

The industrial world is slowly awakening to the fact that solid fuel has advantages over oil for electrical energy production. "We should be well placed in this scene with our latest underground mining equipment and heavy duty belt conveyor velopment," the chairman says.

The group is also pressing ahead with the development of its overseas subsidiaries in Australia, U.S., and South Africa and with collaboration agreements in certain other countries.

As reported on June 27 with the one-for-four rights issue, profits before tax for the year ended March 31, 1980, rose 44 per cent to £5.87m. The total dividend is 4p (3p) and the directors expect to maintain the increased rate on the increased capital.

The chairman refers to the high output of the mining equipment division during the second half aided by the supply of major machine units from the industrial division's Bridgeton factory.

Mr. Thorpe is to retire as chairman at the annual meeting and will be succeeded, on a non-executive basis, by Sir Monty Finniston.

BIDS AND DEALS

BPM £1.3m offer for newsagents

BPM Holdings, the Midlands newspaper group which includes the Birmingham Post and Evening Mail, is making a recommended offer to acquire David F. Mallows and Co., a private newsagents, tobacconists and confectionery group trading mainly in the home counties.

The Mallows board has accepted the offer in respect of 49 per cent of the shares. Assuming full acceptance Mallows will cost BPM £1,294,343 cash, which will be funded by a loan facility.

This move represents a further step in the group's plan to expand non-newspaper activities. BPM already has a news agency business in T. Dillon and Co. which operates over 200 branches.

Last year the group acquired a 75 per cent stake in Supercards, which operates a 60-shop chain retailing greeting cards, costume jewellery and giftwares in the north west of England and North Wales.

In the year to May 2, 1980, Mallows showed a pre-tax profit of £145,502 on sales of £3.34m. Net assets amounted to £449,731 including freehold properties valued at £69,601. These properties are to be professionally revalued and will show a surplus.

Group trading profits of BPM in 1978-79 increased from £3.91m to £5.42m, on sales of £57.53m (£48.81m). Newspapers and publishing contributed sales of £30.21m (£25.37m) and profits of £4.48m (£3.24m). Retailing and other activities contributed £27.32m (£23.44m) and £946,000 (£672,000) respectively.

ASSOCIATES DEALS

Fielding, Newson-Smith and Company, brokers to Dobson Park Industries, have bought on behalf of Hill Samuel and Company, advisers to Dobson, 375,000 Wolf Electric Tools at 116½p.

Grieveson Grant and Company, associates of Charterhouse Group, has bought on behalf of discretionary investment clients 3,500 Keyser Ullmann at 88p ex-dividend.

MARSHALL CAVENDISH

J. Henry Schroder and Co., who are advising Times Publishing Berhad, on July 11 bought 225,000 Marshall Cavendish shares at 30p on behalf of Times Publishing.

SHARE STAKES

Hensher (Furniture Trades)—Bardsey Investments has acquired 220,000 shares (13.75 per cent).

Stag Furniture Holdings—Mr. C. Bingham now holds 906,108 ordinary shares—11.73 per cent (formerly 926,108 shares—12 per cent). Mr. P. V. Radford, director, has disposed of 96,697 10 per cent preference shares.

F. J. C. Lilley—Mr. F. J. C. Lilley has sold 100,000 ordinary and Mr. B. M. Lilley has sold 200,000 ordinary.

Cattle's (Holdings)—Mr. A. R. Muir, director, has disposed of 50,000 shares. Mrs. O. R. Waudby, wife of Mr. R. Waudby, director, has disposed of 20,000 shares.

Crest Nicholson—Mr. B. A. Skinner, director, has disposed of 88,323 ordinary.

Comfort Hotels International—Mr. G. J. Erbmann has disposed of 35,000 shares. Mr. M. Brower, has disposed of 100,000 shares.

MINING NEWS

Fluor to report on local involvement in Ok Tedi

BY GEORGE MILLING-STANLEY

THE GOVERNMENT of Papua New Guinea has commissioned America's Fluor Mining and Metals to study the potential for involvement by the country's industry in providing infrastructure development for the Ok Tedi gold and copper project.

The study, which aims to inform the PNG Government about the extent to which local companies can contribute, is expected to take about three months, and the report should coincide with the end-October deadline for submission of the mining consortium's financing scheme for Ok Tedi.

The feasibility study completed last November on the project indicated recoverable ore reserves of more than 400m tonnes, with 34m tonnes grading 2.86 grammes of gold per tonne, 351m tonnes containing porphyry copper grading an average of 0.7 per cent copper, and 25m tonnes of skarn ore (impure limestone normally host to sulphide minerals) averaging 1.17 per cent copper.

The Ok Tedi deposit, high in the remote Star Mountains in the very centre of the island of New Guinea, has a peculiar geology, with an overburden rich in gold overlaying the main copper deposit. This means that Ok Tedi will start life as a pure gold mine, become a copper and gold mine in the second phase and in its maturity will be largely a copper producer.

Last November's feasibility study provided for infrastructure consisting of 75 miles of roads, hydro-electric power installations, port facilities and various pipelines.

The PNG Government has indicated that it will provide $50m towards road costs, with the remaining infrastructure costs being included in the consortium's overall capital costs of $720m (at February 1980 prices).

In November of this year, after receipt of the Fluor study, the PNG Government will decide whether to take up all or part of its proposed 20 per cent of the venture for a capital outlay of $46m. When this decision has been taken, the shares of the other partners will be finalised.

Assuming that the Government takes up its full allotment, the remaining shares will be Australia's Broken Hill Proprietary (30 per cent) and America's Standard Oil of Indiana (also 30 per cent), with the remaining 20 per cent going to a West German consortium comprising Metallgesellschaft, Siemens and Kabel und Metallwerke Gutehoffnungshuette.

BHP said yesterday that it expects the project to go ahead next February, with gold mining starting in 1984 and copper mining in 1986.

JCI and Anglo-Vaal quarterlies

THE STORY of sharply lower working profits in the quarter ended June 30 is continued by the South African gold producers in the Johannesburg Consolidated Investment and Anglo-Vaal groups. As with the mines in the Consolidated Gold Fields and Rand Mines groups, the fall was generally offset to some extent at the net level by reduced tax charges.

The lower average gold price received by the mines was once again the main factor in reduced profits. The mines in the JCI group received an average price in the June quarter of $557 per ounce against $673, while the average at the Anglo-Vaal mines fell from $702 to $573. Working costs rose sharply at all of the mines.

Exceptionally, the JCI group's Randfontein Estates returned a higher net profit, following a tax rebate of R3.85m (£2.13m) and an increased contribution for uranium. Higher milling rates helped to offset the fall in the bullion price both at Randfontein and at the other mine in the JCI group, Western Areas.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Randfontein	30,995	28,533	30,780
Western Areas	17,177	24,935	34,216

A plant upgrading programme was largely responsible for a higher milling rate at the Anglo-Vaal group's Hartebeestfontein mine, and this, coupled with the lower tax charge, cushioned the fall in profits at the net level.

Hoist breakdowns reduced the milling rate at the same group's Loraine mine, and a loss on uranium operations added to the reduction in net profits. Eastern Transvaal Consolidated suffered from the suspension of its dump re-treatment scheme.

Due to shipping delays there were no export despatches of copper and zinc concentrates at the Anglo-Vaal group's Prieska Copper Mines, and this left net profits R6.59m lower at R1.48m.

The group's antimony producer Consolidated Murchison, saw net profits advance by 42 per cent as a result of a "sudden and significant increase in demand from traditional customers."

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Hartebeestfontein	36,265	45,840	30,748
Loraine	2,934	6,960	2,78[illegible]
Cons. Murchison	2,059	1,447	2,3[illegible]
Prieska	1,460	8,046	[illegible]
East Transvaal	3,085	3,301	1,9[illegible]

Lower uranium demand

CONFIRMATION that, for the time being, the uranium boom is over comes from Mr. Harry Oppenheimer in his statement with the annual report of Anglo American Corporation. He points out that on the spot market the price of uranium oxide has fallen to $32 per lb from the peak of $58.5 reached in April, 1976.

Outlining the factors involved—notably, the continued resistance to the development of nuclear energy in most Western countries and the proposals to mine big high grade deposits in Australia and Canada—he thinks it unlikely that South Africa will put up any more uranium production plants or extensions until the mid to late 1980s.

In fact, he thinks it is possible that "important quantities" of uranium oxide will be stockpiled by the South African producers over the next five years and the South African mines' profits from this material in the foreseeable future "may be substantially lower than in the recent past."

His comment that the opening up of the Australian and Canadian uranium deposits may be phased in order to reduce the predicted surplus will hardly be welcomed by shareholders in Pancontinental.

The Australian company is still awaiting Government permission to go ahead with the development of its huge Jabiluka deposit in the Northern Territory which was discovered some eight years ago.

Mr. Oppenheimer believes that South African gold production will remain constant at about 700 tonnes a year with the reduction in recovery grades being offset by the bringing in of new capacity.

New gold projects will require spending of some R1.5bn (£991m) spread over the next seven to 10 years and include a possible increase in Free State Geduld's milling capacity to 425,000 tonnes a month and possibly more if a new shaft complex in the mine's north-eastern area is justified. The mine is currently milling about 250,000 tonnes a month.

FIRE DISRUPTS ERPM OUTPUT

South Africa's East Rand Proprietary gold mine expects to lose production of approximately 500 tonnes of ore per day for a period of about six weeks following a fire at the mine.

OIL AND GAS NEWS

Oil-shale find in Queensland

BY STEPHEN THOMPSON

THE "DOWN-UNDER" search for oil shale—sedimentary rock containing kerogen from which oil can be extracted by various processes—has attracted a sizeable portion of the recent flow of speculative funds into Australia.

One of the recipients of these funds is Mining Houses of Australia which is currently engaged in exploratory drilling on its Nagoorin prospects in Queensland — the scene of another venture by Greenvale Mining and Esperance Minerals in partnership with the Rundle twins, Central Pacific and Southern Pacific.

Berkeley Exploration has moved into the American oil and gas scene through the purchase of controlling interests in four leases south west of Fort Worth, in central Texas.

The company raised the funds for the deal and for future well development expenditure by issuing 440,000 partly-paid shares, which have been placed with institutions at a price of 200p per share.

The leases, on proven acreage, cover an area of approximately 10,600 acres. Berkeley expects the development of the leases—which will begin immediately—to provide a cash-flow in around six months' time.

* * *

MHA reports that its drilling programme, roughly 80 kilometres from the huge Rundle deposits, encountered significant and encouraging intersections of oil-shale in several holes. But their full significance will not be known until assay results are available, it adds.

The company says that while some holes encountered moderate to poor shale, one met an almost continuous sequence of 54 metres of interbedded brown coal, oil-shale and sediments. Another hole met some 170 metres of similar material.

Four holes reached target depths while still in oil-shale bearing materials. MHA has authority to prospect in five areas of Queensland considered as possible oil-shale sites and is seeking further authorisations.

Shares of Australia's Strata Oil, and its major shareholders Haoma Gold and North West Mining, raced ahead on London and Australian stock markets yesterday ahead of the first results from the Woodada No. 2 appraisal well in the Perth Basin of Western Australia. The results should be known in a day or two.

Woodada No. 2 is being drilled 1.2 kilometres west of Woodada No. 1 which flowed gas at a rate of 32.38m cubic feet of gas a day.

Strata Oil touched a record 146p before closing 20p higher at 144p, Haoma put on 11p to 197p and North West Mining 18p to 176p.

Hampton Trust, which has agreed in principle to acquire a 3.5 per cent interest in permit EP-100, in which the Woodada discovery was made, rose 8p to 64p.

* * *

Japan's Mitsubishi Oil Development has started commercial production of about 1,500 barrels of crude oil daily at an offshore field near Gabon, West Africa. The field was developed jointly with Elf Gabon, a unit of France's Societe Nationale Elf Aquitaine.

Two production wells are in operation at present, and the companies plan to drill another four to boost production to between 7,000 and 8,000 barrels a day. The Gabon Government will take 25 per cent of the production, with the remainder shared equally between Mitsubishi and Elf Gabon.

RESULTS AND ACCOUNTS IN BRIEF

600 GROUP (machine tools, engineering, iron and steel products)—Results for year to March 31, 1980, already reported. Ordinary stockholders' funds £59.42m (£53.56m). Short-term borrowings £5.88m (£4.28m). Reserves £48.17m (£42.3m). Valuation of land and buildings at March 31, 1980, was £25.75m, over £12m in excess of net book value. Chairman says possible there will be no immediate improvement over last year but substantially increased profitability expected in years ahead. Meeting, Grosvenor House, Park Lane, W, July 30, at 11.30 am.

TWINLOCK (office equipment group)—Results for year to February 29, 1980, already known. Shareholders' funds £7.45m (£7.79m). Cash at bank £226,000 (£374,000). Short-term finance, including overdrafts, £808,000 (£49,000). Group says it is seeking to operate at as low a cost level as possible. Factories are still working at below optimum levels. Meeting, St. Ermin's Hotel, Caxton Street, SW1, August 1, 11.30 am.

ASSAM-DOOARS HOLDINGS (investment company)—Results for 1979 already known. Investments £2.07m (£1.83m); amount due from Goodricke Group, to which Indian interests have been transferred, £1.54m (£1.93m). Accounts qualified by auditors since Goodricke results are not included. Meeting, Sir John Lyon House, Upper Thames Street, EC4, July 31, 11 am.

ARTHUR HOLDEN (ink, adhesives, varnished and lacquer manufacturer)—Results for year to March 31, 1980 reported June 25. Shareholders' funds £8.17m (£7.1m), bank overdraft £213,000 (£75,000), cash £874,000 (£293,000). Meeting, Midland Hotel, Birmingham, July 30 at noon.

ROWLINSON CONSTRUCTIONS GROUP (Stockport-based contractor and property developer)—Results for year to March 31, 1980 reported June 12. Shareholders' funds £6.28m (£6.27m); cash in hand £3,023 (£2,947); loans £0.92m (£1m); overdraft £1.86m (£1.68m). Meeting, London House, Stockport, July 28, noon.

TECALEMIT (industrial holding company)—Results for the year to March 31, 1980, reported on June 25. Shareholders' funds £20.83m (£17.36m); bank overdrafts £2.93m (£2.98m). Historical pre-tax profits of £4.77m (£4.61m) reduced to £2.8m (£3.53m) on a CCA basis. Chairman says there has been a sharp fall in incoming orders and this has recently forced a cut-back in some of the company's Plymouth operations. He adds it is difficult to see any real growth until a sizeable drop in inflation brings some relief to the beleaguered economy. Meeting, Winchester House, 77 London Wall, EC, August 1 at noon.

HAMPTON TRUST—Turnover for year to March 31, 1980, £332,608 (£577,110). Trading profit before interest and tax £71,823 (£84,545). Taxable surplus £57,079 (£52,381). Tax £17,407 (nil). Interest £14,744 (£32,164). Earnings per 5p share 0.27p (0.46p). No dividend (same). Group net assets at year-end £1.43m (£1m).

MOUNTVIEW ESTATES (property dealing and investment)—Results for year ended March 31, 1980, reported June 5. Shareholders' funds £4.47m (£3.67m). Group bank overdraft £85,372 (£278,502). Chairman is hopeful company will continue to increase profits. Meeting, Russell Hotel, WC, August 6, noon.

JOHN SWAN AND SONS (livestock auctioneer, estate agent)—Turnover for year ended April 30, 1980 £751,372 (£745,559). Pre-tax profit £163,773 (£220,574). Tax £90,525 (£109,720). Earnings per 25p share 10.9p (15p). Dividend 5.75p (5.25p) net.

OLD SWAN HOTEL (HARROGATE)—Final dividend 0.4p net (0.36p), making 0.6p (0.66p) for year to March 31, 1980. Profit for period £71,706 (£65,213). Retained profits £1,005 (£17,184), after depreciation £28,418 (£1,526) and tax £22,289 (£29,255). No depreciation or fixed assets other than motor vehicles.

LEIGH INTERESTS (waste treatment and disposal group)—Results for year to March 31, 1980, already known. Decrease in bank balance £731,875 (increase £1.11m). Board proposes to institute an executive share option scheme in place of the existing scheme, and when clearance has been obtained from the Inland Revenue, to institute an employee share ownership scheme. Chairman says it is group's intention to keep on growing, to overcome planning delays, develop new processes and increase geographical spread of its activities. Meeting, Edgbaston, July 17, noon.

ALLIANCE INVESTMENT COMPANY (investment trust)—Results for year ended April 30, 1980, already known. Listed investments in GB £14.12m (£14.64m), outside GB £5.35m (£6.34m), unlisted at directors' valuation £0.66m (£0.45m). Shareholders' interest £17.7m (£18.97m). Meeting, 1-2 Laurence Pountney Hill, EC, July 16, 2.30 pm.

FASHION AND GENERAL INVESTMENT—Results for year to March 31, 1980, already reported. Group investments £2.69m (£2.22m); market value £4.57m (£3.41m). Reserves £2.23m (£2.22m). Overdraft £0.29m (nil). Meeting, Winchester House, EC, July 16, noon.

JERSEY GENERAL INVESTMENT TRUST—Results for April 30, 1980, year already known. Investments £8.37m (£7.5m). Bank overdrafts £133,562 (nil). Directors hope to be able to recommend higher dividend for current year. Meeting, 21, Broad Street, Jersey, July 18.

JOVE INVESTMENT TRUST—Results for year to February 29, 1980, already reported. Investments £9.95m (£8.95m). Meeting, 44 Bloomsbury Square, July 15 at 10.30 am.

ANGLO-INDONESIAN CORPORATION (tea and rubber estates)—Results for year to December 31, 1979 already known. Shareholders' funds £5.1m (£4.82m); bank overdrafts (secured) £1.25m (£1.08m). Chairman says outlook for trading for remainder of 1980 is uncertain with poorer tea and rubber prices, and difficult conditions continuing for agricultural engineering in UK. He is confident company will overcome any problems which lie ahead. Meeting, 37, Queen Street, EC, July 24, noon.

SCHLESINGER INTERNATIONAL FUND (JERSEY)—Taxable income for year to March 31, 1980, £53,240 (£26,376). Tax £10,550 (£4,012). Single div. 3.5p net (two interims totalling 3.5p).

BRISTOL EVENING POST (newspaper proprietor)—Results for year to March 31, 1980, already known. Shareholders' funds £6.99m (£6.59m): bank overdraft £85,000 (nil). Chairman says that since the resumption of production in May, advertising revenue has been strong, but the full costs of a fall-off in advertising may materialise and affect profits adversely. Meeting, Bristol, August 5, noon.

SUTCLIFFE SPEAKMAN AND CO. (engineering, active carbon)—Results for year ended March 31, 1980 reported July 7. Shareholders' funds £2.01m (£1.77m). Bank overdraft £1.18m (£0.74m), medium-term loan £0.45m (same). On June 18, Prudential Assurance Company held 12.1 per cent of equity. Meeting, Manchester, August 5, at 12.30 pm.

CONTINUOUS STATIONERY—Results for year to March 31, 1980, reported June 12. Shareholders' funds £1.13m (£1.02m). Increase in liquidity £30,304 (£20,949) with cash and short term deposits £217,657 (£187,353). Chairman says current year has begun satisfactorily. Meeting, 87, Eaton Place, SW, July 16, at noon.

BRICKHOUSE DUDLEY (drainage products for building and civil engineering industries)—Results for year ended March 31, 1980 with prospects reported June 26. Group shareholders' funds £8.77m (£7.77m). Loans £625,901 (£784,121), bank overdrafts nil (£427,504). Bank balances and short term deposits £808,971 (£43,415). Meeting, Birmingham, August 8, noon.

CULTER GUARD BRIDGE HOLDINGS (papermaking, transport)—Results for year ended March 31, 1980, already known. Shareholders' funds £7.8m (£7.6m). Bank overdraft £374,000 (nil). Chairman says group sector of industry currently trading at very depressed level. Production has had to be curtailed and product mix diluted by orders booked at less than economic prices. Meeting, Guardbridge, Fife, August 7, noon.

HEYWOOD WILLIAMS GROUP (aluminium and glass supplier to building industry)—Results for April 30, 1980, reported July 8. Shareholders' interest £6.17m (£4.75m). Bank balances £109,000 (£168,000). Bank overdrafts (secured) £3.56m (£461,000). Chairman says he looks to the future with confidence if not optimism. Meeting, Huddersfield, Yorks, August 8, 11.30 am.

CULLEN'S STORES (grocer, wine, spirit and beer merchant)—Results for year to February 29, 1980, reported June 7. Shareholders' funds £4.49m (£4.29m); cash at bankers and in hand £3,591 (£3,814); bank overdraft £0.98m (£1.01m); loan capital £14,625 (£16,625). Meeting, Burford Bridge Hotel, nr Dorking, August 7, 3 pm.

WHEWAY WATSON HOLDINGS (lifting gear, chains and forgings manufacturer)—Results for year to March 29, 1980 and prospects reported June 25. Shareholders' funds £7.9m (£7.56m), overdraft £1.24m (£0.63m), bank and cash £14,000 (same). The chairman expects the recent merger with Joseph Shakespeare and Co will be beneficial in the longer term. Meeting, Birmingham, August 8, noon.

ST. GEORGE'S LAUNDRY WORCESTER)—Results for year ended February 29, 1980, reported July 1. Shareholders' funds £1.86m (£832,285), bank balances and cash £615 (£6,068), overdrafts (secured) £114,580 (£97,067). Chairman says Sales up 25 per cent for first three months of current year. Meeting, Worcester, August 4, noon.

BRITISH TAR PRODUCTS (chemical manufacturing, bulk storage, merchanting)—Results for year ended March 31, 1980 reported June 21. Shareholders' funds £7.05m (£4.97m). Loan capital £1m (£0.65m), bank loan (secured) £0.42m (£0.51m). Meeting, The Cafe Royal, W, August 6, noon.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	8	6.50	11	8.80	1	15	F.305
ABN C	F.310	28	0.80	—	—	—	—	
AKZ C	F.22.50	7	0.40	10	2.10	18	3.30	F.22.60
AKZ C	F.25	—	—	20	0.80	24	1.20	"
AKZ C	F.27.50	—	—	8	0.50	—	—	"
AKZ P	F.22.50	—	—	15	0.60	—	—	"
ARB C	F.55	54	1.30	—	—	—	—	F.56.20
EK C	$50	1	8⅛	—	—	—	—	$55⅛
HEI C	F.60	70	0.40	5	2.70	8	4.90	F.58.50
IBM C	$55	4	10	5	10	4	10½	$65⅛
IBM C	$60	24	5	14	5⅞	1	7¼	"
IBM C	$65	41	⅝	44	3⅛	—	—	"
IBM C	$70	—	—	3	1¼	—	—	"
KLM C	F.60	22	4.60	11	6.50	—	—	F.64.30
KLM C	F.70	41	0.10	27	3.80	47	5.70	"
KLM C	F.80	—	—	3	0.90	—	—	"
KLM P	F.60	40	0.20	49	3.50	—	—	"
KLM P	F.70	41	6.60	—	—	—	—	"
KLM P	F.80	25	15.80	10	16	—	—	"
NAT C	F.100	1	12	30	15.80	—	—	F.112.50
NAT C	F.109.10	9	3.20	7	5.50	—	—	"
NN C	F.100	—	—	1	13.50	—	—	"
NN C	F.110	5	3	14	5	—	—	"
NN C	F.120	—	—	—	—	3	2.50	"
PHI C	F.17.50	21	0.40	—	—	2	1.40	F.17.90
PHI C	F.20	—	—	5	0.30	43	0.50	"
PHI P	F.20	10	3	—	—	—	—	"
PRD C	$25	7	1⅛	—	—	—	—	$25⅝
RD C	F.150	114	19.40	154	20.40	—	—	F.169.40
RD C	F.160	371	9	261	11.20	—	—	"
RD C	F.170	456	1	177	4.70	77	6.80	"
RD P	F.150	—	—	367	0.90	20	2.20	"
RD P	F.160	—	—	32	3	—	—	"
RD P	F.170	11	2	—	—	—	—	"
UNI C	F.120	10	2.60	31	5.30	—	—	F.122.60
UNI P	F.115	—	—	4	1.30	—	—	"
XON C	$70	9	⅝	—	—	—	—	$69¾
XRX C	$60	3	10	10	10	—	—	$60⅝
		Aug.		Nov.		Feb.		
BA C	$35	—	—	3	5¼	—	—	$39
BA C	$40	—	—	5	3	—	—	"
MMW C	DM.130	—	—	4	8	—	—	DM[illegible]
SIE C	DM.250.50	—	—	20	7.50	—	—	DM[illegible]
SLB C	$90	1	31⅛	—	—	—	—	$121¾
SLB C	$110	34	11¼	5	15	—	—	"
SLB C	$120	—	—	11	9½	16	14	"
VEB C	DM.150	5	1.50	—	—	—	—	DM[illegible]

TOTAL VOLUME IN CONTRACTS 2980

C=Call P=Put

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هكذا من الأصل

NORTH AMERICAN NEWS

Higher profit for leading banks

BY OUR FINANCIAL STAFF

THE HOLDING companies for the two largest banks in the U.S., BankAmerica Corporation and Citicorp, have reported profit increases for the second quarter with Citicorp showing a particularly sharp 40 per cent rise after its 34 per cent drop in the first quarter.

BankAmerica, the San Francisco based holding group for Bank of America, the world's largest commercial bank, saw its profits rise 15.7 per cent to $173.6m before securities transactions. Earnings per share were $1.18 compared with $1.03, and were the same after securities transactions.

After six months profits before securities transactions came out at $308.2m, or $2.10 a share, compared with $279.1m, or $1.91 a share. Again the net result was little different after taking account of securities transactions.

BankAmerica said the second quarter results were characterised by a strong increase in non-interest revenues and an improved trend in net interest revenue, particularly from overseas units.

In the U.S., it said, the declining interest rates would be felt progressively through the year as high-yielding money market certificates and other market-based liabilities matured.

At Citicorp second quarter earnings before securities transactions were $176.7m against $125.8m previously. At the half-way point the group had recovered the ground lost in the first quarter drop from $125.1m to $83.3m, with profits at $260m compared with $251.1m. After securities transactions the six-month total was $251.7m ($243.2m) for earnings per share ahead from $2 to $2.03.

The New York-based Citicorp, the parent for Citibank, said that the first and second quarter performances reflected the unprecedented increase and then decrease in interest rates in the U.S. and in other major money centres.

The decrease in interest rates in the second quarter resulted in wider margins between funding costs and loan revenues. Foreign exchange trading profits and securities trading profits were also sharply higher.

Chase Manhattan, the third largest U.S. bank, reported net income before securities transactions of $103m or $3.04 a share for the second quarter, up 28 per cent from $80.3m or $2.34 a year earlier. This brought first half earnings to $191m or $5.63 a share from $153.4m or $4.65 a share a year earlier.

Security Pacific Corporation, the holding company for Security Pacific National Bank, California's second largest bank, reported net operating income before securities transactions of $43.3m or $1.56 a share in the second quarter against $41.1m or $1.49 a year earlier.

First half operating income of $83m or $3 a share compared with $80.1m or $2.92 a year earlier.

Recession hurts at Honeywell

By Our New York Staff

INFLATIONARY COST increases, product mix changes, and increased research and development costs have caused second quarter profits of Honeywell, the computer and control systems company, to decline by 7.1 per cent. However, the quarterly dividend is increased from 65 cents to 75 cents.

Mr. Ed Spencer, chairman, said that the economic recession in the U.S. has begun to have an adverse effect on order rates in some of the company's product lines.

Net profits for the second quarter were $56.9m against $61.3m last year.

The latest quarter included an extraordinary credit of $500,000, equal to 2 cents a share. Sales advanced to $1.1bn from $990.7m last year.

Earnings per share fell to $2.35 from $2.81 a share a year ago.

Mr. Spencer added that orders continued to decline in residential controls and had begun to slow in some of the company's industrial components businesses. Orders for commercial and industrial process controls remained strong.

Mr. Spencer said that computer orders were higher, both in the second quarter and first half with substantially increased backlog.

For the first six months of the year, Honeywell earned $103.7m or $4.66 per share against $120.9m or $5.56 per share. Revenue increased to $2.3bn against $1.95bn.

Strong gain at Philip Morris

BY CARLA RAPOPORT IN NEW YORK

RIDING ON the crest of its U.S. cigarette sales, Philip Morris has recorded its 64th consecutive quarterly increase on yearly comparisons with a gain in second quarter earnings this year of 27.6 per cent.

Mr. George Weissman, chairman, said that unit sales of cigarettes in the U.S. continued to grow, led by volume gains of its Marlboro, Merit and Virginia Slim brands. Philip Morris USA continued this year to significantly increase its share of the U.S. cigarette market, he said. "In addition, Cambridge, our new ultra low tar brand, introduced in April, is meeting our sales expectations."

Net earnings for the second quarter were $166.6bn against $130.6bn for the second quarter of 1979. Sales increased to $2.48bn against $2.11bn for the corresponding period last year.

Earnings per share were $1.34, against $1.05.

Beginning January 1 this year, the company revised its policy on capitalising interest costs to conform with the provisions of the FASB. This increased pre-tax income by $7.2m and earnings per share by 3 cents. Philip Morris International, Mr. Weissman said, continued to register unit volume gains throughout the second quarter and first half, with strong regional performances in Europe, the Middle East, Africa, Asia and Latin America.

In reference to the company's Miller Brewing subsidiary, Mr. Weissman said that "competition in the brewing sector remained intense through the second quarter. Nevertheless, operating revenues, shipments, and retail sales showed gains over the second quarter and first six months of 1979. In addition, because of expanded capacity, the company was able to reduce field inventories from the prior year's levels."

For the Seven-Up company, second quarter and first half sales exceeded 1979 levels.

Income falls at Allis-Chalmers

BY OUR NEW YORK STAFF

ALLIS-CHALMERS, the diversified machinery manufacturer, has reported a sharp drop in earnings for the second quarter, although sales edged ahead slightly. The company said that in addition to the general effects of the weaker U.S. economy, profit margins this year have been hurt by strikes, high interest rates and currency related losses.

Second quarter earnings were down 36.6 per cent to $13.5m against $21.3m in the same quarter last year. Sales advanced by 4.3 per cent to $530.3m against $508.4m. Earnings per share were $1.02 against $1.64.

Mr. David Scott, chairman, said that activity in the company's various businesses was mixed. "Within process equipment, which accounts for more than half of our sales, moderate improvement continued worldwide, in our solid process equipment area in comparison with last year, when markets were quite depressed; while fluids processing sales remained flat our American Air Filter — process equipment for environmental air quality—experienced increased sales, with particular improvement overseas."

In addition to other strikes at the company during the first quarter of the year, Mr. Scott said that the agricultural implement plant in Indiana was on strike for two weeks in the second quarter and that a work stoppage had begun in the last week in June at a plant in Pennsylvania.

For the first six months of the year the company's profits were down by more than 50 per cent to $20.8m from $42.2m last year. Sales were up to $1bn from $954m while earnings per share dropped to $1.54 from $3.24.

Analysts point out that research and development costs of the company continue to be heavy, particularly because of the development of the company's kiln gas system which is designed to produce non-polluting gas from high sulphur coal.

Merrill Lynch lifts dividend

By Our Financial Staff

MERRILL LYNCH the largest securities trader in the U.S., has increased the quaterly dividend from 24 cents to 28 cents a share on the back of virtually doubled profits at the half-year stage. Net earnings for the first six months are 95 per cent up at $100.8m or $2.77 a share on revenues 62 per cent higher at $1.64bn.

Merrill, which also has substantial insurance and real estate broking interests, pushed earnings head from $31.9m to $65.8m in the second quarter, with share earnings at $1.80 against 67 cents. Revenue gained 55 per cent to $764.7m.

Time blames magazines for second quarter slip

BY OUR NEW YORK STAFF

TIME INCORPORATED, the U.S. publishing and forest products company, recorded a slight drop in second-quarter earnings despite an increase in sales.

Net profits fell to $40.7m from $42.3m in last year's second quarter. Sales advanced to $699.7m against $629.6m in the corresponding quarter last year. Earnings per share fell to $1.45 from $1.52.

After six months profits were almost static at $68.96m against $68.95m with earnings per share at $2.45 compared with $2.47, reflecting a slight increase in the number of shares outstanding. Sales for the half year totalled $1.36bn, up from $1.17bn.

The company blamed the decline in the second quarter on the recession-related slowdown in its magazines division. The division also incurred start-up costs for a new magazine called Discover.

It said that the group's paper-making operations had also begun to show weakness after achieving strong gains in the early months of the year.

Great Western takeover terms

LOS ANGELES — Great Western Financial Corporation has reached a definitive agreement to acquire Financial Federation.

Under the terms, Great Western will acquire Financial Federation's 11 savings and loan associations and other subsidiaries for $230.7m or about $55 per share based on shares outstanding on March 31.

Great Western said the price will be payable 25 per cent in cash and the rest in 10-year promissory notes carrying 10 per cent annual interest which will be callable without premium beginning six years after issue.

Reuter

CANADIAN NEWS

Bronfmans to extend U.S. real estate activity

BY ROBERT GIBBENS IN MONTREAL

THE Samuel Bronfman family, which controls the world's largest distilling group, Seagram Company, is moving deeper into major U.S. real estate development.

The vehicle for the expansion is Cadillac Fairview Corporation, a large listed Canadian development fund operating in Canada and the U.S. Cadillac is 36 per cent owned by the Bronfmans through their main holding company, Cemp Investments, of Montreal.

A joint venture of Cadillac and two Los Angeles developers has been awarded exclusive rights to negotiate a US$1bn downtown development in Los Angeles. The proposal includes a museum, three office towers, an hotel and parkland and is to be developed over eight years. Partners with Cadillac are Shappell Industries and Goldwich Kest and Associates.

Cadillac also plans two New York office towers which will cost $150m and a $50m office tower in Boston, again with U.S. partners. The southern division in Dallas has a $500m programme under way while there are major programmes in California and another joint venture in Seattle. These are mainly for homes, condominiums and shopping centres.

Cadillac also has major shopping centres under development at White Plains, New York, and Atlanta and 12 other major shopping centres are in the negotiating or pre-development phase.

In Canada Cadillac has assembled a Vancouver site for major retail and office development, and plans a fourth office tower in Calgary costing $80m and a regional shopping centre in Kingston, Ontario.

● **Abitibi-Price**, the world's largest newsprint producer, earned C$27.6m ($24m), or C$1.34 a share, in its second quarter against C$33.3m, or C$1.66 a year earlier. Sales were C$389m against C$374m. The company had predicted a slowdown in the rate of earnings in the second quarter after a very strong first quarter.

● **Scott Paper**, the Canadian offshoot of the Scott group of the U.S., saw net profits jump from C$2.75m to C$3.53m in its first half year. Earnings per share came out at C$1.42 compared with C$1.13 and sales were up from C$71.2m to C$82.4m.

● **Loblaw Companies**, which is owned by the George Weston food and retailing group, has reported a rise in net operating income from C$7.2m to C$12.5m for the 24 weeks to June 14. Per share earnings came out at 27 cents against 18 cents and sales of the supermarket chain were C$2.3bn compared with C$2.05bn previously.

INTERNATIONAL CAPITAL MARKETS

Spanish telephone group seeks $50m

By Peter Montagnon

SPAIN'S State-owned telephone concern, Cia Telefonica Nacional de Espana, is raising a $50m credit in the Euromarkets with a spread of only ½ per cent for 10 years, which marks a further reduction in spreads for Spanish borrowers.

The deal is being handled on a private placement basis by Chase Manhattan. It follows an informal mandate last week by the electric utility, Endesa, for an $80m 10 year credit at a spread of ⅝ per cent throughout.

This mandate went to a group of four international banks who are meeting in Paris today to discuss syndication strategy. They are Bank of Tokyo, Banque de l'Indochine et de Suez, Midland Bank France SA and Ste. Generale de Banque.

The front end fee for the Endesa borrowing is understood to be ⅝ per cent, and some bankers believe that the yield on the Telefonica credit may have been sweetened by a somwhat higher fee, so as to bring the overall terms closer to those for Endesa.

Fees for Telefonica are not being disclosed, however, though one attraction for Chase Manhattan is agreeing to such fine terms may well be that Telefonica is known to be studying the possibility of a Eurobond issue.

Even setting these technical considerations aside, these two latest loans for Spanish borrowers underline the clear easing of borrowing conditions for that country that has emerged in past weeks.

Spain has been one of the beneficiaries of the flight into quality in the syndicated loan market. With low levels of borrowing in the first half of the year and growing liquidity in the banking system as a result of OPEC balance of payments surpluses high quality European borrowers remain in heavy demand.

In Spain's case the first significant sign of the current slippage in spreads came in early June with a borrowing by the electric utility Enher, at a spread of ⅝ per cent over 10 years. This followed hard on the heels of a $350m credit for subsidiaries of the INI the state industrial holding company, $290m of which was syndicated at a spread of ⅝-¾ over eight years.

The managers of the Enher credit, Lloyds Bank International and Continental Illinois, subsequently altered their syndication strategy to sell only an eight-year portion of the loan in the market. This met with a good response, clearing the way for the present easier conditions.

Disposal costs hit Colgate

By Our New York Staff

COLGATE-PALMOLIVE, the large consumer products company, registered a drop in second quarter earnings because of nearly $14m in losses resulting from disposal of several subsidiaries, including the Helena Rubinstein cosmetics company.

Net income before the disposal costs was $52.5m, or 65 cents a share, compared with $56.3m, or 68 cents, in the second quarter last year. After the provision for disposals earnings were $38.6m, or 48 cents a share, against $50.5m, or 62 cents. Last year there was a $5.8m loss from disposals. Sales for the quarter were up from $1.12bn to $1.27bn.

First half earnings were up by $5m to $103.5m, or from $1.20 a share to $1.27, before taking account of losses from discontinued operations. This reduced the gain by $300,000, to $89.6m. Sales were $2.5bn against $2.2bn previously.

The provision for discontinued operations was $13.9m. In addition, earnings were hit by a $8.8m foreign currency translation loss ($2m loss previously) and heavy costs for the promotion of certain products.

Lukewarm reception for DM 100m Chile bond

BY FRANCIS GHILES

THE Republic of Chile is arranging a DM 100m six-year bond issue through Dresdner Bank. The borrower is paying a coupon of 9 per cent. Initial market reaction was lukewarm and the bonds were quoted at a discount of 2½-2 points in pre-market trading.

This is the second bond issue outside Chile for the republic; it arranged a Samurai bond just over a year ago. Chile's largest private bank arranged a dollar FRN note last year through Manufacturers Hanover Ltd.

Dealers said the pre-market discount reflected the continued sharp distinction which investors in D-Mark bonds are now making between what they view as prime names and less than prime names. The last two weeks have provided a perfect illustration of this attitude. While the Royal Bank of Canada was able to attract investors despite a very tight coupon of 7¾ per cent, the Spanish utility Iberduero, failed to attract interest although the lead manager, Dresdner Bank, raised the coupon by ½ per cent to 9 per cent during the offering period.

Seasoned D-Mark issues were a touch easier yesterday in thin trading.

In the dollar sector, Bank of Communications (Taiwan) is arranging a $25m five-year bullet FRN issue through Dillon Read Overseas Corporation and Salomon Brothers. The borrower is paying a coupon of ½ per cent over the six-month Libor with a minimum of 6 per cent.

The straight dollar sector saw an abortive rally in recent bond issues. A morning advance quickly fizzled out and prices finished the day down ½ of a point.

Market trading remained low according to most dealers in the absence of any lead.

In the Swiss franc sector, Japan Storage Battery has arranged a five-year SwFr 25m convertible private placement carrying a coupon of 5⅜ per cent and priced at par through Union Bank of Switzerland. This coupon is set for six months and after that is based on the six-month Swiss inter-bank rate plus ½ per cent. From that stage there is a maximum coupon of 8 per cent and a minimum of 4 per cent. The conversion price is Y379 and the conversion premium 7.09 per cent.

NTN Toyo Bearing has arranged a SwFr 30m five-year convertible placement carrying a coupon of 5½ per cent and including a conversion premium of 9.29 per cent through Swiss Bank Corporation.

The World Bank meanwhile has completed a private placement of SwFr 150m through Swiss Bank Corporation. The borrower is paying a coupon of 5½ per cent for seven years.

ECSC has completed a LuxFr 250m eight-year issue which carries a coupon of 12 per cent for the first four years dropping to 10 per cent through a group of banks led by Kredietbank Luxembourgeoise. The issue was priced at par.

Luxembourg dollar CD launch

BY DUNCAN CAMPBELL-SMITH

THE Luxembourg dollar Certificates of Deposit (CD) market was launched yesterday with a tap issue by PKbanken International (Luxembourg) whose parent, PKbanken of Stockholm, is the largest bank in Scandinavia.

The issue is being managed from London by Credit Suisse First Boston. Three and six-month CDs have been issued and $10-$15m is believed to have been placed on the first day.

PKbanken was a logical candidate for the first such issue in Luxembourg because it has no London branch. In line with the new regulations in the Grand Duchy it will make a secondary market for the CD in Luxembourg itself alongside Credit Suisse (Luxembourg).

At the same time the management position assumed by Credit Suisse First Boston was only made possible by the Bank of England's ruling in February that following the abolition of exchange controls London houses are free to make a market in dollar CD issued outside the UK.

In most European financial centres domestic regulations prohibit the issue of international CD's. For banks in these centres who have no London subsidiary—and this includes some major German banks—the new Luxembourg market will be a first opportunity to turn to international CDs for dollar funds.

The volume of syndicated credit business in Luxembourg has grown rapidly. This is seen in the City as providing a second rationale for Luxembourg CDs, which it is hoped may enable Luxembourg subsidiaries to fund their portfolios with less help from their parent banks. PKbanken said in Stockholm that this was the motive for yesterday's first issue.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on July 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	92¾	93¼	−0⅛	−0⅛	11.28
Air Oxygen F. 10¾ 90	50	94	94½	0	−1	11.76
CECA Cred. Rate 12 86	100	98⅛	98⅞	−0¼	−0⅝	11.56
CECA 11⅝ 90	50	98¾	99¼	+0⅛	−0¼	11.73
CECA 11½ 88	100	99⅞	100⅜	−0⅛	−0½	11.46
Citicorp O/S Fin 10 86	300	95	95½	−0¼	−1½	11.13
Con. Illinois O/S 9¾ 86	150	94	94½	−0½	−1⅛	11.12
Denmark 11⅜ 90	100	99⅛	99⅝	−0⅛	−0¼	11.86
Dome Petroleum 13½ 92	50	102⅞	103	+0⅛	−1⅛	13.01
EEC 11 95	75	95⅞	96	0	−0½	11.60
EIB 11⅝ 92	80	97¼	98	0	−1¼	12.12
EIB 13¾ 90	100	105¾	105⅞	−0½	−0⅞	12.63
Eksportfinans 11⅛ 87	50	99	99½	−0¼	−1⅛	11.39
Eksportfinans 9½ 87	75	92¾	93¼	−0⅛	−1⅞	10.98
Elec. de France 10 88	125	96	96½	−0⅛	−0¼	10.72
Export Dv. Cpn. 9¾ 84	150	98	98½	−0⅛	−1	10.91
Export Dv. Cpn. 12⅜ 87	100	106¼	106¾	−0⅛	−0⅞	11.31
Export Dev. Cpn. 9½ 88	150	95⅞	96⅜	−0⅛	−0⅛	10.43
Federal Dev. Bk. 12¾ 85	75	102⅞	103⅜	+0⅛	−1¼	11.35
Fin. Exp. Credit 10⅛ 85	80	97¾	98¼	+0⅛	−1⅛	11.07
Finland, Rep. of 9½ 86	100	92	92½	−0⅛	−1⅛	11.40
Ford O/S Fin. 12⅛ 98	250	99⅝	99¾	−0⅛	−1	12.74
George Weston 13⅜ 87	30	102⅜	102⅞	+0⅛	+0⅛	12.88
GMAC O/S Fin. 11 84	100	99⅛	99⅝	+0⅛	−0¼	11.14
GMAC O/S Fin. 13⅝ 85	100	105	105½	−0⅛	−1	11.83
Goodyear O/S 12½ 87	75	98⅛	99¼	−0⅛	−0⅛	12.74
Hudson's Bay 11½ 90	75	97⅞	98⅜	−0⅛	−0⅞	11.82
IAM Canada 10½ 85	50	99⅜	99⅞	+0⅛	−0⅞	10.60
ICI Fin. Ned. 11 83	100	100¼	100¾	0	−0⅛	10.76
McGraw 13⅜ 85	75	102¼	102¾	+0⅛	−0¼	12.73
Norwest Ind. 13⅝ 87	50	100¾	101¼	−0¼	−0⅝	13.36
Nova Scotia 10¾ 90	50	94¾	95¼	−0⅛	−0⅛	11.62
Pembroke Capital 9⅝ 87	100	94⅜	94⅞	−0⅛	−1	10.76
Pemex 11⅜ 88	100	97⅞	98⅜	−0⅛	−0⅝	11.90
Quebec, Hydro 11½ 92	100	97¼	97¾	−0⅛	−0½	11.90
Roylease Ltd. 11¼ 86	50	99⅞	100⅜	−0⅛	−0⅞	11.20
SNCF 12⅛ 85	50	104⅜	104⅞	0	−0⅛	11.06
Swed. Ex. Cred. 12⅜ 85	40	102⅜	102⅞	−0⅛	−1	11.72
Sweden 9¾ 84	100	96⅜	96⅞	−0⅛	−0⅞	10.80
UA Finance BV 11 90	50	93⅜	93⅞	0	0	12.13
World Bank 9⅝ 85	200	96⅝	97⅛	−0⅛	−1⅛	10.59
World Bank 10⅛ 87	300	96⅝	97⅛	−0½	−1⅛	10.88

Average price changes... On day −0¼ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	102⅝	103⅛	+0⅛	+0⅛	7.56
Australia 8⅛ 90	250	102⅝	103⅛	+0⅛	+0⅛	7.66
BFCE 7¾ 87	100	99	99½	0	−0¼	7.86
BFCE 8⅛ 95	100	99⅝	100⅛	0	0	8.15
Brazil 8 87	190	91¾	92½	−0⅛	−1⅛	9.59
Council of Eur. 7¾ 89	100	94½	95½	−0⅛	−0⅛	8.06
Denmark 7⅞ 88	100	97⅞	98⅞	−0⅛	+0⅛	8.23
Denmark 8¾ 92	100	98⅞	99⅞	+0⅛	+0⅛	8.33
EEC 7⅞ 94	225	98⅜	99⅜	+0⅛	+0⅛	8.02
EIB 7½ 89	200	96½	97½	−0⅛	+0⅞	7.96
Finland Rep. of 8 98	150	98⅝	99⅝	0	0	8.14
Kobe, City of 7½ 88	190	95⅛	95⅞	+0⅛	0	7.82
Kobe, City of 8 90	100	100⅛	100⅞	−0⅛	0	7.92
Mr. Bk. Denmark 8⅛ 90	150	99⅝	100⅜	−0⅛	0	8.80
Norway 7⅛ 85	250	99⅜	100⅛	−0⅛	+0⅞	7.55
OKB 7⅞ 89	100	95⅞	96⅝	0	−0⅛	7.96
OKB 8¼ 92	150	100	100½	−0⅛	−0⅛	8.20
Oslo, City of 8¾ 90	80	102⅛	103⅛	+0⅛	+0⅛	8.31
Sweden 9¾ 87	200	107⅛	107⅞	+0⅛	+0⅛	8.24
World Bank 7¾ 81	400	97⅛	98⅛	−0⅛	+0⅛	8.07
World Bank 7⅞ 80	250	98⅜	99⅜	0	0	8.06
World Bank 10 86	180	108⅜	108⅞	−0⅛	+0⅛	8.09
World Bank 10 90	200	111⅜	112½	+0⅛	+0⅛	8.16

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	93¾	94¼	+0¼	−0⅛	6.40
Bergen, City of 4¾ 81	40	95	95½	0	0	5.33
Bergen, City of 6 90	50	103¾	104¼	+0⅛	+0⅛	5.48
BNDE 5 89	75	86	86½	+0⅛	0	7.12
BMW Overseas 4¾ 81	100	93⅛	93⅝	+0⅛	+1⅛	5.03
Buhrm'n-Tetterode 7 90	40	105⅜	105⅞	+0⅛	−0⅛	6.23
Caisse Nat. Tele. 4⅜ 89	100	†94½	95	−0⅛	0	5.11
Copenhagen 4⅛ 81	80	91	91½	−0⅛	0	5.57
Council of Eur. 5 88	100	95⅝	95⅞	+0⅛	+0⅛	5.63
Denmark 5⅜ 90	80	100	100½	0	+0⅛	5.72
EIB 4½ 81	100	92½	93	+0¼	+1	5.39
EIB 4⅞ 94	100	88	88½	0	+1	5.60
Elet. de France 4⅜ 89	100	94¾	95¼	−0⅛	0	5.08
F. G. Hypoth'k Bk. 8 90	50	†104½	105	0	0	5.37
GZB 4¼ 89	100	92⅛	92⅝	−0⅛	−0⅛	5.31
Nitl 4⅛ 91	35	†94½	95	0	−0½	4.98
Int.-Amer. Dev. 4½ 80	100	92⅛	92⅝	+0⅛	+0⅛	5.59
Int.-Amer. Dev. 7 90	98	106½	107	−0⅛	−0⅛	6.06
Jutland Tele. 5½ 90	50	†100⅛	100⅝	0	−0⅛	5.43
Malaysia 5 89	80	89	89½	−0⅛	0	6.59
Newag 5⅜ 90	80	102	102½	0	0	5.45
Nippon Tel. & T. 4¼ 89	100	†94	94½	−0⅛	−0⅛	5.04
Nordic Bank 5 89	45	97½	98	0	+0⅛	5.32
Norges Komm. 4⅜ 91	100	92	92½	−0½	−1	5.31
OKB 4⅛ 91	100	92⅛	92⅝	−0⅛	+1⅛	5.29
OKB 6 90	100	103⅜	103⅞	−0⅛	−0⅛	5.50
Oslo, City of 4⅜ 91	100	90½	91	−0⅛	+0⅛	5.50
Sekisui Pre. Hms. 6 90	80	102⅝	103⅛	0	+0⅛	5.61
Shikoku El. Pwr. 4⅞ 89	100	95	96	0	−0⅛	5.39
World Bank 4⅜ 89	100	†95½	96	−0½	−0⅛	5.22
World Bank 4⅞ 89	150	92¼	92¾	+0⅛	+0⅛	5.43
World Bank 4⅝ 91	100	93	93½	+0½	0	5.44

Average price changes .. On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	92⅜	93⅛	0	+0⅛	8.30
Australia 6½ 88	20	87⅜	88⅛	0	+0⅛	8.89
EIB 7¾ 89	12	95¼	96¼	−1⅛	−1⅛	8.43
Finland 5.6 83	10	90⅞	91⅞	0	−0⅛	8.73
Finland 6.8 88	10	88⅛	89⅛	−0⅛	−0⅛	8.92
Finland, Rep. of 8⅛ 87	15	96⅞	97⅛	+0⅛	−0⅛	8.89

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	95⅜	95⅞	−0⅛	−0¼	11.76
CIBC 13½ 85 C$	50	103¾	104¼	−0⅛	0	12.32
CIBC 11⅜ 85 C$	60	98	98½	0	0	11.99
Federal Dev. 11⅜ 80 C$	60	97⅛	97⅝	+0⅛	+0⅛	11.96
Fed. Can. Inv. 10 84 C$	90	93½	94¼	−0⅛	−0¼	12.02
GMAC 12 85 C$	80	†98⅛	99⅛	0	−0⅛	12.27
R. Bk. Canada 10 86 C$	40	94⅝	95⅛	0	+0⅛	11.23
Tordom Cpn. 13⅜ 85 C$	30	103½	104	−0⅛	0	12.39
M. Bk. Dnmk. 9 91 EUA	25	93⅝	95	−0½	−0¼	9.83
SOFTE 8¾ 89 EUA	40	87	88⅛	0	+0⅛	10.47
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98⅛	−0⅛	−0⅛	9.77
Algemene Bk. 8¾ 84 Fl	75	96⅛	96⅞	0	+0⅛	9.29
Algemene Bk. 10⅛ 87 Fl	400	100⅛	100⅝	+0⅛	+0⅛	10.15
Ned. Gasunie 8¾ 84 Fl	50	100⅛	100⅞	+0⅛	+0⅛	8.56
Ned. Middbk. 8¾ 84 Fl	75	95½	97	0	+0⅛	9.30
Norway 8¾ 84 Fl	100	96⅛	97⅛	0	0	9.10
Philips Lamps 8¾ 84 Fl	75	96⅜	97⅛	0	−0¼	9.30
Air France 11 84 FFr	120	95⅜	96⅛	+0⅛	+0½	12.22
CECA 14¼ 88 FFr	150	105⅛	106⅛	+0⅛	+0⅛	12.58
Euratom 9¾ 87 FFr	150	85½	86½	0	+0⅛	12.93
Finland 11 84 FFr	80	94½	95½	+0⅛	+0⅛	12.55
Finland 11½ 89 FFr	70	93	94	+0⅛	+0⅛	12.71
Gaz de France 11 84 FFr	150	94½	95½	0	+0⅛	12.53
IBM France 11⅞ 84 FFr	120	97½	98½	+0⅛	+0⅛	12.43
Renault 8¾ 85 FFr	100	86⅛	87⅛	+0⅛	−0⅛	13.42
Saint-Gobain 9¾ 88 FFr	130	85⅛	88⅛	−0¼	−0⅛	13.26
Solvay et Cie 9¾ 87 FFr	125	84⅝	85⅝	−0⅛	+0⅛	13.22
Beneficial Fin. 14¼ 90 £	20	101¼	101¾	+0⅛	+0⅛	13.94
Citicorp O/S 13½ 90 £	90	99⅞	100⅜	+0⅛	+0⅛	13.44
EIB 11½ 91 £	25	93⅛	94⅛	+0⅛	−1	12.57
Fin. for Ind. 12½ 89 £	30	96⅞	97⅞	+0⅛	+1⅛	13.08
Fin. for Ind. 14½ 88 £	20	103	103½	+0⅛	−0⅛	13.71
Gen. Elec. Co. 12⅝ 89 £	50	98⅛	98⅞	+0⅛	+0⅛	12.70
Swed. Ex. Cr. 15⅛ 85 £	20	104⅛	104⅞	−0⅛	+0⅛	13.80
Banobras 8¾ 90 KD	7	†94⅛	95⅛	0	0	9.01
CCCE 8¾ 91 KD	10	†92⅝	93⅛	0	0	9.10
Mitsubishi 7½ 84 KD	10	†94⅛	94⅞	0	+2	8.14
Sonatrach 8½ 90 KD	12	†94⅛	94⅞	0	0	9.37
Akzo 9⅛ 87 LuxFr	500	94⅞	95⅞	−0⅛	0	10.19
Euratom 8 87 LuxFr	500	89⅞	90⅞	−0⅛	0	10.14
Euratom 9¾ 88 LuxFr	500	98⅜	99⅜	0	+0⅛	9.97
EIB 9¾ 88 LuxFr	600	98	99	+0⅛	+0⅛	10.02
Volvo 9¾ 87 LuxFr	500	96¼	97⅛	0	−0⅛	10.38

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	98	98½	2/1	10.44	10.62
Bank of Ireland 5¾ 89	‡0⅛	99	99⅝	21/3	11.81	12.02
Bank of Tokyo 5⅛ 89	‡0⅛	97¼	97¾	25/10	12.66	10.89
Barclays O/S Inv. 5 90	0⅛	97¾	98¼	13/12	9⅛	9.82
Bergen Bk. A/S 6 88	‡0⅛	97⅛	97⅝	29/8	10	10.27
Bilbao Int. NV 5⅛ 90	0⅛	96⅝	97⅛	29/11	10.80	10.35
Bque. Indo Suez 6⅛ 89	0⅛	98⅛	98⅝	11/1	9⅛	8.76
Citicorp O/S F. 83	§0	98⅞	99⅜	23/8	10.10	10.28
Citicorp O/S F. 94	‡0	97⅛	98⅛	30/7	9.69	9.97
C. Itoh 5¼ 87	0⅛	99⅝	100	18/9	15.44	15.49
Co-operative Bk. 6 86	0¼	98⅛	98⅝	15/11	11.44	11.63
Creditanstalt 5½ 91	§0⅛	96⅞	97⅛	14/9	9.44	9.72
CNT 5¼ 98	§0⅛	100⅛	101⅛	18/10	18⅛	17.97
GZB 5½ 89	‡0⅛	98	98½	1/3	15⅛	15.52
Jugobanka 8 88	0⅞	90¾	92¼	23/11	11⅛	12.74
Ind. Bank Japan 5¼ 87	0¼	100	100½	15/10	18⅝	18.70
Lloyds Eurofin 8 90 £	0⅛	97¼	97¾	3/1	15⅛	13.15
LTCB Japan 5¼ 86	0¼	98⅛	98⅝	13/12	9⅛	9.78
LTCB Japan 5½ 89	0⅛	97⅞	98⅛	7/12	10⅛	10.32
Mfrs. Han. O/S 5¼ 94	‡0⅛	97⅛	97⅝	31/8	9⅞	10.14
Midland Intl. Fin. 5 89	0¼	99	99½	20/12	9½	9.57
Midland Intl. Fin. 5¾ 92	0⅛	98⅛	98⅝	5/12	10⅞	11.03
Nacional Fin. 6½ 88	0⅛	97⅛	98⅛	25/7	14.69	14.97
Nat. West. 5¼ 94	§0⅛	99⅞	100⅛	11/10	18⅛	18.60
Nippon Credit 6½ 86	0⅛	97⅛	97⅝	12/1	9.56	9.82
Nippon Credit 5¼ 87	‡0⅛	97⅛	98⅛	8/8	14⅝	14.69
Royal Bk. Scot. 5¼ 94	§‡0⅛	98	98½	11/10	8.31	8.48
Soc. C. de Bque. 6½ 87	0⅛	100⅛	100⅝	8/10	20.80	18.98
Sogenal 5⅝ 89	§0⅛	97⅝	98⅛	13/1	9⅝	9.83
Standard Chart. 5¼ 90	0¼	100⅛	100⅝	0/0	17⅛	17.18
Sweden 8¼ 91	‡0⅛	96⅝	97⅛	18/10	13⅛	13.23
Williams & Glyn 5¼ 91	0¼	99⅛	100⅛	14/9	18⅛	18.52
Sq. E. d'Alg. 4⅞ 88 SF	0⅛	†91	92	15/12	0⅛	0.69

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 98	10/79	145	†110	120	+1	−7.89
Ajinomoto 7⅛ 95	2/80	915.5	113⅛	114⅛	−1⅛	−5.08
Alco Int. Fin. 9⅛ 94	1/80	40	93⅛	94⅛	+0⅛	28.90
Apache I. Fin. 8¾ 95	12/80	21.12	116	117⅛	−0⅛	−0.46
Asahi Optical 7 94	11/79	526.1	97⅛	98⅛	−1⅛	−2.54
Blocker Energy 8⅛ 98	1/81	21.87	98⅛	99⅛	0	11.34
Canon 6⅝ 94	8/79	570	109⅛	110⅛	−1⅛	0.40
Credit Suisse 4¾ 93	10/79	1278	103⅛	105⅛	−0⅛	−2.94
Daiei Inc. 6½ 94	11/79	927.3	97	98	−0⅛	16.56
DOKK 11 90	4/80	324	110⅛	111⅛	−1	11.03
Dynalectron 9½ 95	8/80	12.22	114	115	0	2.66
Ensorch Fin. 9½ 94	7/80	30.25	121	122	−0⅛	0.72
Meidensha Elec. 7 94	12/79	210	103⅛	105	+0⅛	7.18
Mitsubishi Cp. 6½ 94	10/79	549.1	122¼	123⅛	−1⅛	3.01
Nippon Seiko 7⅛ 94	12/79	339	†112	113	−0⅛	−3.38
Toshiba Cpn. 7⅛ 94	10/79	188	102	103	−1	3.80
Union Bk. Switz. 5 89	2/80	121.4	97	98	−1⅛	4.42
Fujitsu 5 84 DM	7/79	475	101⅛	102	−0½	3.12
Kansai Elec. 4 84 DM	4/79	1210	†87½	88½	−0⅛	35.67
Sharp Cpn. 6½ 88 DM	8/80	595	101	101½	−0⅛	11.80
Uny Co. 6½ 85 DM	11/79	1071	97⅛	98⅛	+0⅛	25.71

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

AMERICAN HOSPITAL SUPPLY	1980 $	1979 $
Second quarter		
Revenue	557.5m	495.5m
Net profits	32.8m	27.7m
Net per share	0.83	0.71
Six months		
Revenue	1.1bn	976.6m
Net profits	63.5m	53.4m
Net per share	1.60	1.36

C. R. BARD	1980 $	1979 $
Second quarter		
Revenue	60.0m	50.3m
Net profits	3.88m	3.15m
Net per share	0.40	0.33
Six months		
Revenue	117.1m	100.8m
Net profits	7.61m	6.36m
Net per share	0.78	0.66

DOVER CORPORATION	1980 $	1979 $
Second quarter		
Revenue	2070m	159.9m
Net profits	17.98m	14.42m
Net per share	1.10	0.81
Six months		
Revenue	408.7m	311.1m
Net profits	36.2m	28.29m
Net per share	2.03	1.59

FORT HOWARD PAPER	1980 $	1979 $
Second quarter		
Revenue	96.4m	86.2m
Net profits	16.68m	14.26m
Net per share	1.24	1.06
Six months		
Revenue	184.7m	168.6m
Net profits	33.08m	29.64m
Net per share	2.46	2.20

GT. NORTHERN NEKOOSA	1980 $	1979 $
Second quarter		
Revenue	351.4m	291.5m
Net profits	29.8m	25m
Net per share	1.85	1.57
Six months		
Revenue	680.4m	559.8m
Net profits	51.6m	45.9m
Net per share	3.21	2.88

IC INDUSTRIES	1980 $	1979 $
Second quarter		
Revenue	1.03bn	907m
Net profits	23m	29m
Net per share	1.06	1.47
Six months		
Revenue	2bn	1.74bn
Net profits	45.5m	34.9m
Net per share	2.10	1.47

IMPERIAL CORP. OF AMERICA	1980 $	1979 $
Second quarter		
Revenue	177.6m	141.3m
Net profits	4.6m	18.3m
Net per share	0.32	1.29
Six months		
Revenue	350.9m	274.5m
Net profits	24.2m	35.2m
Net per share	1.70	2.49

KROEHLER MANUFACTURING	1980 $	1979 $
Second quarter		
Revenue	11.4m	30.3m
Net profits	†2.24m	†2.83m
Net per share	†1.73	†2.19
Six months		
Revenue	26.8m	60.7m
Net profits	†4.39m	†5.89m
Net per share	†3.40	†4.57

† Loss

LIBBEY-OWENS-FORD	1980 $	1979 $
Second quarter		
Revenue	273.6m	318.6m
Net profits	7.19m	20.2m
Net per share	0.54	1.71
Six months		
Revenue	579.5m	637m
Net profits	13.29m	41.95m
Net per share	0.98	3.56

MAYTAG	1980 $	1979 $
Second quarter		
Revenue	79.1m	88.6m
Net profits	7.5m	10.6m
Net per share	0.56	0.78
Six months		
Revenue	177.0m	175.4m
Net profits	18.3m	20.2m
Net per share	1.37	1.52

N. AMERICAN PHILIPS	1980 $	1979 $
Second quarter		
Revenue	656.4m	617.9m
Net profits	16.33m	23.84m
Net per share	1.26	1.83
Six months		
Revenue	1.25bn	1.16bn
Net profits	32.25m	38.64m
Net per share	2.48	2.97

OHIO EDISON	1980 $	1979 $
Second quarter		
Revenue	252.8m	236.8m
Net profits	28.32m	30.27m
Net per share	0.30	0.40
Year		
Revenue	1.04bn	933.1m
Net profits	145.18m	97.08m
Net per share	1.80	1.29

RUBBERMAID	1980 $	1979 $
Second quarter		
Revenue	77.5m	73.6m
Net profits	3.84m	5.73m
Net per share	0.50	0.74
Six months		
Revenue	162.2m	145.8m
Net profits	8.4m	11.4m
Net per share	1.09	1.48

UNION CAMP	1980 $	1979 $
Second quarter		
Revenue	391.5m	350.0m
Net profits	43.95m	39.19m
Net per share	1.81	1.61
Six months		
Revenue	778.0m	674.2m
Net profits	86.65m	75.86m
Net per share	3.44	3.12

U.S. TRUST CORPORATION	1980 $	1979 $
Second quarter		
Net profits	3.52m	2.67m
Net per share	1.17	0.89
Six months		
Net profits	8.37m	4.79m
Net per share	2.12	1.60

هكذا من الأصل

GERMAN AEROSPACE INDUSTRY

Way clear for MBB-VFW link

BY ROGER BOYES IN MUNICH

A CRUCIAL move by principal shareholders in Bremen-based Vereinigle Flugtechnische Werke (VFW) has removed one of the last major obstacles to a planned merger between West Germany's two largest aerospace concerns, Messerschmitt Boelkow Blohm (MBB) and VFW.

VFW's shareholders — Krupp, the German steel group; the city state of Bremen; and Uoited Technologies, the U.S. aviotion and electronics company — have agreed to sell VFW to MBB in return for a 10 per cent slice of the new merged aerospace concern. Krupp said yesterday that it would act as co-ordinator for the three shareholders, but it is not clear yet who will get a seot on the new company's board.

The three shareholders are still negotiating about their respective quotas within the 10 per cent holding. It is believed within the air industry that the likely make-up will be: Krupp 3.5 per cent, Bremen 3.8 per cent and Uoited Technologies 2.6 per cent.

There is, however, still disagreement between MBB and VFW over the valuation of VFW's various factories. The valuation hos been positively iofluenced by VFW's recent upsurge in business, mainly as a result of high demand for the European Airbus ond a good outlook for further civil contracts. MMB regards this as an over-generous valuation and would like to push down the price.

But it is clear thot after three tough years of negotiation the conclusion of the merger is in sight. As MBB's annual meeting revealed yesterday, it will come at a time wheo both gronps are performing extremely well.

MBB's turnover rose to DM 2.6bn ($1.5bn) lost year from DM 2.1bn in 1978 and net profits reached DM 44m, agoinst DM 27m. Net profits equalled 1.5 per cent of turnover, compared with 1.1 per cent in 1978. The balance sheet total was DM 3.47bn compared with DM 2.77bn in 1978 and DM 2.02bn in 1977. Investment also rose to DM 182m from DM 133m in 1978.

Both MBB and VFW—which also had a substantial profit in 1979—are, however, still dependent on government support for one of their most importont civil programmes, the European Airbus. This multi-national co-operation project will, according to MBB executives, reach break-even point for Germany only in 1989. This takes into account the projected cost increasea over the coming decade and product improvement.

In the meantime, the Airbus is capturing a lorge share of the wide-body aircraft market. More thon 130 orders were received for the Airbns in the past year and 84 options were placed, giving Airbus Industrie a 31 per cent share in the wide-body sector.

For MBB, this has two main implications. First, it means that capacity will be well used in the civil aviation area—two-thirds of its business is still in the military field—during the 1980s. At the same time, the Airbus project and its dependency on government support (in the form of research subsidies, credit guarantees and production assistance) means that the company cannot ignore the strong wishes of the Bonn Government.

At present Bonn's main priority in aerospace is to see that the VFW-MBB merger goes ahead. It wants to create a national aerospace industry which would be able to compete effectively with the U.S. industry and collaborate more efficiently with other European groups such as British Aerospace and Aerospatiale of France. Bonn believes that in the final analysis only closer co-operation will keep overall coats in check—and reduce the need for subsidies.

KLM to cut rate of expansion

BY CHARLES BATCHELOR IN AMSTERDAM

KLM Royol Dutch Airlines is to reduce its rate of expansion this year in the face of traffic growth folling behind forecast. The Dutch national airline is unable to forecost profit developments, though most of the influences are negative, said Mr. Sergio Orlandini, the chairman.

KLM had expected to expond capacity by 10 per cent in the year ending in Morch but will now increase summer capacity levels by only 7 per cent to 8 per cent. Winter levels will show an even lower rate of increase Capacity was increased by 13 per cent in the first quorter of the current financial year but this performaoce will not be sustained. Traffic rose by only 3 per cent in the first quarter while the lood factor fell to 58.1 per cent from 63.5 per cent.

The slowdown in the rate of expansion, which is also expected to cootinue into 1981-82, will be achieved by taking aircraft out of service earlier than was originally planned. Two DC-8s will be retired while a DC-10, now chartered from another airline, will be returned.

KLM will go abead with the plonned introduction of the Airbus A-310. Ten are due for delivery in 1983-85, while options hove been taken out a further 10. The company might, however, delay confirming the options, Mr Orlandi suggested.

The oirline is due to take delivery of three Fokker F-27s later this year ond three Boeing 747s will be delivered this year ond next.

Political instability in the world, sluggish economic growth, continuing inflation, and the sharp rise in the cost of fuel form o sombre prospect for the development of the airline industry, KLM said.

The rising price of oil, the strong growth of low tariff travel and the temporary ban on the DC-10 were responsible for the fall in KLM's net profit to Fl 15.3m ($7.6m) last year from Fl 82.2m. KLM is in favour of lower-priced air tickets but prefers to promote the use of off-peak flying rather than shuttle services or general price reductions.

KLM proposes poying no dividend for 1979-80 after paying Fl 7 per shore the year before. Turnover rose 14 per cent last year to Fl 3.24bn ($1.62bn).

Luxembourg stake for Elf

BY TERRY DODSWORTH IN PARIS

ELF AQUITAINE, the nationalised French oil group, is aiming to expond its overseos interests by an agreement to acquire up to 10 per cent in Basic Resources International, a Luxembourg-based group whose main interests are in Guatemala.

Elf's stake in the compaoy, to be met with the creation of new shares, could cost up to $34m, depeoding on how much of Basic Resources it finally decides to buy. The company says that the agreement is subject to the approval of the authorities in Canada, where Basic Resources is quoted, and in France.

The Luxembourg company, olso quoted over the counter in Loodon and New York, is olready associoted with Elf in Guatemala, where they have common interests in the oil industry. Through its affiliates, the company has a majority stake in two Guatemalan oil wells and an oil pipeline.

The agreement, which foresees Elf taking charge of Basic Resources' oil extraction activities in Guatemalo, is further evidence of the French company's thrust overseos in recent months. The group recently signed an important deal for offshore exploration with China, while the improvement in the financial position following last year's oil price increases is expected to lead to further foreign investments.

● The exploration units of Elf-Aquitaine and CIE Francaise des Petroles, both state-controlled groups, have been granted exploration permits covering a total of 279,000 square kilometres in the Indian and Pacific Oceans.

The jointly-owned permits are valid for two years and cover areas in French territorial waters off the Kerguelen Islands in the Indian Ocean and off New Caledonia ond the Chesterfield Islands in the Pacific.

Generale Occidentale pays more

By Our Paris Staff

GENERALE OCCIDENTALE, the French-based distribution company, run by Sir James Goldsmith, improved its performance considerably last year, although straightforward comparisons are impossible because of a change in accounting periods.

The figures showed that consolidoted profits almost doubled to FFr 151m ($38m) in the 12 months to the end of March, compared with FFr 80m in the previous nine months. Turnover rose to FFr 23bn against FFr 14bn.

Parent company profits also rose strongly, going up to FFr 57m compared with FFr 31m for the previons nine months. The company is to distribute higber dividends of FFr 14 net, ogainst FFr 8 net.

Since these accounts were drawn up, GO has changed its form substantially by selling off its food manufacturing interests in France to BSN-Gervais Danone.

Sir James said that the group is now intent on developing its international food distribution activities, where GO is claimed to be the third largest company in the world.

● Automobiles Talbot of the French Peugeot group will halt car production for five days in September and three days in October. The company stopped production for six days at the beginning of the year, and cut the working week by six hours during o 13-week period from January 21.

French car registrations for June were 17 per cent down on the corresponding month of 1979.

Dutch coal group formed

By Our Amsterdam Correspondent

A NEW COMPANY, Maasvlokte Cool Terminal (MCT), has been set up by six companies involved in the Dutch energy and fuel handling sector.

MCT hopes to spend Fl 150m ($79m) over the next six years in estoblishing a coal handling terminal at the mouth of the River Maas, west of Rotterdam. Copocity will be 6m tonnes by 1983 rising to 8m toones in 1985.

The companies participating are Shell Nederland, BP Trading, Esso Holding Holland, Ruhrkohle, SHV Nederlond and Frans Swarttouw. Negotiations will now start with the authorities concerned.

● A leading Dutch property investment group, Beleggingsmij Onroerend Goed, has bought property worth more than Fl 150m in the U.S.

The company will put $52.6m of its own money into the $79m deal and take over mortgages worth $26.4m. It has mode a down payment of just under half of the sum required and will hand over the rest next April. The company plans a share issue to fund part of the cost as soon as conditions ore fovourable.

The purchase brings in 177,000 square metres of offices and warehouse space at sites in Fairfield and Piscotaway, both in New Jersey.

Shaw Wallace to set up agro-chemical plant

BY R. C. MURTHY IN BOMBAY

SHAW WALLACE has undertaken a major investment programme taking advantage of benefits available to Indian companies.

The company, whose foreign shareholding wos reduced to 40 per cent a year ago, is to set up a Rs 35m ($4.5m) agro-chemicals (dimethote ond ethion) project based on technology developed by the Government-owned National Chemical Laboratories. The project is to be commissioned by mid-1982.

Shaw, which is an associate of Sime Darby, has also finalised loan arrangements with term financial institutions for Rajasthan Phosphorous ond Chemicals Ltd. Shaw bos given up the lead role, in favour of the Birla group, for setting up a Rs 4bn ($500m) fertiliser complex, styled Nagarjuno Fertilisers, in Andhra Pradesh. However, it hos not relinquished its stoke in the new compony, jointly promoted by the stote Government and Birla, os well os Shaw Wollace.

When all these projects are implemented the character of Shaw will have changed from beer-making and trading to the manufacturing of chemicals and fertilisers.

The year 1979 was full of setbacks and disappointments for the company, Mr. S. P. Acharya, the chairman, says. Pre-tox profits of the group declined by 8.9 per cent from Rs 66.94m in 1978 to Rs 60.65m in 1979.

Apart from failure of the monsoon last summer, which reduced fertiliser offtake, Show's fortunes were affected by the extension of "prohibition" — the official ban on consumption of olcoholic beveroges—to the northern states of Bibar, Rajasthan ond certain ports of Uttar Prodesh.

Profits after tax and other adjustments declined from Rs 13.51m in 1978 to Rs 11.54m in 1979. Besides maintaining the dividend 15 per cent the company proposes a one-for-two scrip issue.

Shaw operates synthetic adhesivea plont, o superphosphote fertiliser formulation unit ond an alcoholic liquor unit. It has a computer services division, which installs ond maintains computers and is engaged in the export of computer software.

It olso acts as an ogency in India for major world shipping lines. The company has eight subsidiary and associate companies in India and overseas engaged in beer manufacturing, tea and jute. Its subsidiary in Sri Lanka, Bonoventure Textile (Lanko), exports ready-made garments.

Same again dividend from Kesoram

By Our Bombay Correspondent

HIGHER PROFITS and a maintained dividend are onnounced by Kesoram Industries and Cotton Mills, which is port of the Birla group.

Largely os a result of o reduced charge for tax, net profits for the year ended March are Rs46m ($5.9m) compared with Rs34.6m. The dividend is being held at 17 per cent.

Gross profit slipped marginally despite a 10 per cent increase in sales. Profits before tax were Rs100.25m ($12.5m), against Rs100.29m in 1979-80.

A strike in the company's textile division, power shortages ond inodequate railway wagon availability for the transport of raw materials and finished goods affected the working of plants in West Bengal and the southern stote of Andhra Pradesh.

Kesoram also produces cement, caat iron spun pipes and fittings, refractory bricks, viscose yarn and transparent cellulose film.

The company has two subsidiaries — Bharat General and Textile Industries, engaged in the manufacture of cotton yarn and oilseeds crushing, and Hindustan Heavy Chemicals, which produces caustic soda and other heavy chemicals.

West German TV move

BY OUR FINANCIAL STAFF

STANDARD Elektrik Lorenz, the West German affiliate of International Telephone and Telegraph, is to concentrate its European colour television production in its Bochum, Altena, plant.

The company said that further details would be released at a press conference next week but added that the reorganisation would involve capital spending "well above the overoge" for recent years.

The move would also involve a "shift of main responsibility" for business in the entertainment electronics sector within the ITT group.

The weakening outlook for the colour television market has forced Standard Elektrik to discontinue production at its Austrian subsidiary, Figer und Co. Demand in that area will be met from the Bochum factory, where a new distribution centre hos been formed.

Earlier this year the company said its entertainment goods sector was still operating at a loss, but that the deficit would be further reduced in 1980.

● Balance sheet total of Berliner Handels-und-Frankfurter Bank narrowed marginally over the first five months of 1980 emerging at the end of May at DM 8.24bn ($4.7bn) compared with DM 8.26bn at December 31, 1979.

Tefahot earnings increase sharply

By L. Daniel in Tel Aviv

TEFAHOT, Israel's largest mortgage bank has reported a 156 per cent increase in pre-tax profits to I£2bn (U.S.$40m) for the year to March and a rise of 141 per cent in net profits to I£735m.

The balance sheet total increased by 96 per cent to I£29bn.

The bank is to pay a cash dividend of 30 per cent and distribute bonus shares at the rate of 50 per cent. In 1978-79 the dividend was 22 per cent and there was a 35 per cent bonus distribution.

● Israel's commercial banks have begun to compete for the custom of teenagers. Israel Discount Bank has offered to open accounts with a minimum deposit of £5 sterling for anyone between the ages of 16 and 18. The young customers receive 10 cheques for withdrawals, with the sum of each limited to £3.

Bank Leumi, the country's veteran banking institution, has launched a savings club for those from the age of 12 to 18. Members will enjoy price reductions on books and records, among other things.

AUSTRALIAN MONEY MARKET

Semi-government loans squeeze private sector

BY JAMES FORTH IN SYDNEY

TWO MORE large semi-government loans have been awarded in Australia, increasing fears that the private sector could be crowded out of the market by public borrowers. The Electricity Commission of New South Wales (Ecom) has awarded a tender for a A$175m (U.S.$203m) loan, while the State Energy Commission of Queensland has awarded one of A$85m. With tenders due to close in the next few days for three more loans by semi authorities amounting to A$80m, it now appears that the first two rounds of semi-Government borrowings for 1980-81 will total a massive A$850m.

The loans awarded to semi authorities have been much larger than normal, buoyed by an unprecedented demand, itself resulting from the current high interest rates offered by the semi authorities. The Treasury is concerned at the mushrooming of the semi-government borrowing programmes, which collectively total about A$2.5bn in 1980-81.

The Treasury argues that the loans imply very large public sector calls on resources, in direct competition with private sector demands associated with major resource developments about to take place. The Treasury itself however, is partly responsible for the current surge in the size of semi-Government loans. The authorities all have special allocations for infrastructure loans for large resource projects.

They can seek to raise these loans overseas, but the Treasury insists that they first try the domestic market. The current round of semi loans includes a large element of infrastructure borrowings.

Group results at JAL show downturn

BY OUR FINANCIAL STAFF

CONSOLIDATED net profits of Japan Air Lines Company fell to Y171m ($784,000) in the year to March 31, from Y3.90bn in the previous year, on sales up 21 per cent to Y611.23bn ($2.8bn) from Y505.13bn.

In late May, JAL announced that, on a parent company basis, after-tax profits for the year had fallen by 32.3 per cent to Y1.97bn—against a background of fuel costs more than doubled to Y136bn from Y70bn. But it forecast a recovery in profit for the current year at this level to Y3.5bn, on turnover of Y727bn.

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MITSUBISHI HEAVY Industries, the Japanese heavy machinery manufacturer and shipbuilder, increased its consolidated net income for the year to March 31 by 3.1 per cent to Y23.17bn ($106m), from Y22.48bn in 1978-79. Sales were up 5 per cent to Y2,520bn ($11.6bn), from Y2,400bn. Earnings a share were Y10.06, against Y10.08.

SIA suffers first profit fall in five years

By Georgie Lee in Singapore

SINGAPORE AIRLINES (SIA) suffered its first reversal in profit growth in five years, in 1979-80, as a result of higher operating costs, brought about particularly by the sharp rise in the fuel price.

In the preliminary report for the year ended March, 1980, in the airline's house magazine, Outlook, SIA disclosed a 59 per cent fall in its operating surplus to S$73m (U.S.$34.5m). Profits from airline operations after taking into account non-operating revenue and expenditure fell even more sharply, by 75 per cent to S$15m.

SIA warns that it is unlikely that the airline will see any profit this year. While fuel prices may not jump so sharply this year, it says, economic recession threatens to dampen traffic growth.

Airline operating expenditure was up by 38 per cent from the previous financial year to S$ 1.79bn. Fuel cost—which was the largest single item, accounting for 26 per cent of expenditure—increased by 120 per cent to S$ 470m. Operating revenue failed to keep pace with the increase in expenditure, rising by 26.3 per cent to S$1.86bn (U.S.$ 880m).

An increase in the number of aircraft in service helped SIA's capacity to rise by 24 per cent to 2.54bn tonne-kilometres. Traffic carried by the airline rose by 25 per cent over the previous financial year to 1.79bn tonne-kilometres.

SIA's overall load factor thus increased from 70.0 per cent to 70.6 per cent, while its passenger load factor rose from 73.4 per cent to 73.9 per cent.

Yields on its European and South East Asian routes showed improvement, rising by 9.2 per cent and 4.8 per cent, respectively. Freighter services improved markedly, with the yield increasing by 25.3 per cent. However, the improvements in these sectors were largely offset by the low yields on the trans-Pacific combination service to the U.S., which started in April, 1979.

As a result, the overall yield improved by only 1.4 per cent, from 102 Singapore cents per tonne-kilometre to 103.4 Singapore cents per tonne-kilometre.

The airline's unit cost deteriorated by 13.3 per cent from 61.6 Singapore cents per tonne-kilometre to 69.8 Singapore cents. With the unit cost rising at a faster rate than the overall yield, SIA's breakeven load factor rose from 60.4 per cent to 67.5 per cent.

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BOUSTEADCO SINGAPORE has sold 50 per cent of its equity in its subsidiary Riche Monde Private to the French brandy producer, Societe Jas Hennessy and Company. Societe Jas Hennessy, which is a subsidiary of the Moet-Hennessy group, will pay Bousteadco S$2.5m (US$1.2m) cash for the 2m shares in Riche Monde.

Sue Cameron reports a move to raise industrial gas prices

Chemical industry to the fore in the fight for cheaper gas

THE BATTLE between the British Gas Corporation and British industry over gas supplies and prices appears to be nearing a climax.

The corporation is planning to put up its industrial customers' annual bill by at least £0.5bn, aiming to bring contract gas prices into line with those of gas oil, which is used chiefly as heating oil and is the main competitor for gas in the manufacturing sector of the market.

The prospect of paying up to 54 per cent more for gas supplies should increase the substantial flow of letters angry industrialists are already sending to their MPs and to the Departments of Energy end Industry. Most of the letters have been inspired by the Chemical Industries Association, which started the campaign for cheaper gas—and more of it—for UK manufacturers.

The association's action was triggered by the oil crisis last year. Many of its members receive all or part of their supplies on an interruptible basis, which means they pay less for their supplies but the corporation can cut them off temporarily at times of peak demand.

Until 1979 interruptible contracts were little more than a good way of obtaining cheap gas supplies, because in practice companies were hardly ever cut off. But the revolution in Iran, the subsequent dramatic rises in crude prices and the anxiety over crude supplies led to the so-called "flight from oil." Demand for gas in the UK—from domestic and commercial consumers as well as industry—trebled.

British Gas could not meet the upsurga in demend, especially as it came during a particularly cold winter. What it did do — quite legally and fairly — was to interrupt gas supplies to those on interruptible contracts. Some companies found briefly that not only had their gas supplies been cut off, but they could not obtain fuel oil to power their plants either. Chemical producers were emong those hardest hit, and the outcry was lound end long.

The Chemical Industries Association is still concerned about gas supplies to industry. In a report that has just gone to Mr. David Howell, the Energy Secretary, it says that 46 member companies had requests for new or additional gas supplies turned down by British Gas last year.

This is one of the main reasons why the association is demanding an end to the corporation's monopoly on gas supplies. It wants North Sea oil-producing companies allowed to supply gas directly to industrial consumers, so cutting out the British Gas role as middleman.

Natural Gas Prices to Industry Firm, Contract Supplies Pence per therm at April 1, 1980	
UK	26-33
France	17.8
West Germany	15.5
Italy	19.5
Netherlands	17.8

Source: Council of European Chemical Manufacturers' Federations.

The report says it would become economic to exploit a number of the smaller gas fields in the southern North Sea—some of them capable of producing only 100m therms a year—if the gas could be sold directly to manufacturing companies. The association even says that if these fields off the Humberside coast could produce 2bn therms a year among them, it would be worthwhile building another North Sea gas pipeline to bring the extra supplies ashore.

The report also suggests that gas brought ashore through such a pipeline could then be sent around the country via the normal British Gas network—subject to "reasonable" carriage costs.

The associetion stresses that it is campaigning for more gas for the whole of British industry, not just for chemical companies. It also makes clear that it is thinking purely in terms of gas supplies for use as fuel to power plants. The use of gas as a raw material for making petrochemicals has not played any part in its calculations.

The British Ges Corporation's response has been to say that gas is "far too good to be used just for raising steam." Given thatit cannot meet the demand for gas from all sectors of the market, it wants to concentrate on supplying the domestic and commercial customers who will put the gas to premium use.

Premium users are those for which gas is better suited than other fuels. Cooking is perhaps the best example of a premium use—the gas does not have to be stored, it is clean and the heat can be turned up or down more quickly than on an electric or fossil fuel stove. British Gas would agree that using gas as a feedstock for making petrochemicals is also a premium use—but that is not what this particular argument is all about.

The corporation undoubtedly has a strong case for saying that industry could just as easily use oil or coal to raise steam for its plants—leaving gas chiefly for the premium markets. For this reason, British Gas is linking its contract gas prices to those of gas oil or heating oil rather than the cheaper fuel oil. In the commercial and domestic markets gas is competing with gas oil—heevy fuel oil cannot be used to heat homes or offices.

But in Europe gas prices for industrial consumers are linked to those of fuel oil — as the Chemical Industries Association has been quick to point out. As a result, UK companies pay 6.5p-17.5p a therm more for gas than their competitors in France, West Germany, Italy and the Netherlands.

The association claims that the UK chemical industry alone is paying almost £300m a year more for its gas than the chemical industry in West Germany. It also points ont that many industrial companies boy their gas partly on firm, more expensive contracts and partly on cheaper interruptible contracts—yet British Gas is intending to phase out the latter.

It claims British industry will therefore end up paying a "cool £900m a year more for its gas" rather than a mere £500m more once the latest round of contract price rises comes into effect.

Updated official figures suggest that energy costs account for only 3-4 per cent of UK industry's total costs. In no single industrial sector do gas costs exceed 3 per cent of total costs or overall energy costs exceed 17 per cent of total costs. In the chemical sector itself, energy costs account for aronnd 6 per cent of total costs while gas costs account for around 2 per cent.

The association says Government officials are fond of pointing out that gas costs are therefore only a tiny proportion of the total costs borne by the chemical industry or, indeed, any other industry. Chemical companies accept that this is factually correct—but claim it is irrelevant.

If the chemical industry is paying more than its continent[al] competitors for its gas, th[e] association says, the ext[ra] £300m has to be deducted fro[m] its gross profits.

The chemical industry in th[e] UK, like other industries [is] going through a lean tim[e]. Prices are falling back, ove[r]capacity affects such areas [as] petrochemicals, fibres an[d] plastics, and cheap imports a[re] coming to Europe from the U[S]. Profit forecasts for this year a[re] not optimistic—to put it mild[ly].

Chemical companies, whic[h] will bear the brunt of the lates[t] contract price rises because the[y] are by far the biggest users o[f] gas in the industrial marke[t], say they cannot afford to hav[e] £300m-£400m lopped off the[ir] profits because of British Ga[s] pricing policy.

Arguing that they contribut[e] more to the nation's wealth tha[n] individuals sitting in overheate[d] offices and homes, they clai[m] that in the current econom[ic] climate they need help, not hin[]drance, from the British Ga[s] Corporation.

South Wales factory plan

THE BIRMINGHAM women[s] lingerie manufacturer A. H. Sutton, is to expand into a 5,000 sq ft factory in Ystradgyn[]lais, South Wales.

The company, which has [a] turnover of more than £1m selling directly through its ow[n] "Mrs. Knickers" shops as wel[l] as major store groups, expect[s] to create 60 jobs at the factor[y] within three years.

Help for food manufacturers

BRITAIN'S food manufacturers and processors are to get grants of more than £4m for moderni[]sation and expansion from the EEC Agricultural Fund.

Sir Dairies received £1.4m t[o] improve the conditions under which dairy products are pro[]cessed and marketed.

Lincoln jobs

EIGHTY jobs are to be created in Lincoln, where unemploy[]ment figures are at their highest since the war. Smith[s] Food, which produces potato-based snacks, is to expand it[s] factory in the city in Septem[]ber, with the installation of a new production line.

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Dollar improves

The dollar rose slightly in quiet foreign exchange trading yesterday, while sterling eased against the U.S. currency but improved against major currencies in general. There was some selling of the dollar in late trading, and the U.S. unit displayed a softish tone during the morning, but it finished slightly firmer against the D-mark at DM 1.7475, compared with DM 1.7425, and against the Swiss franc at SwFr 1.6100, compared with SwFr 1.6040. In terms of the Japanese yen, the dollar rose to Y219.35 from Y218.25, and the dollar's trade weighted index, as calculated by the Bank of England, rose to 83.2 from 82.9.

Sterling's index, on Bank of England figures, rose to 74.6 from 74.5, after standing at 74.5 at noon and in early trading. The pound opened at $2.3735-2.3745, and touched a best level of $2.3740-2.3750, but encountered a burst of selling in mid-morning, and fell to $2.3680-2.3690. By noon sterling had recovered to $2.3710-2.3720, but weakened again to $2.3670-2.3680 after lunch. As the dollar lost ground in late trading the pound improved to finish at $2.3725-2.3735, a fall of 30 points on the day.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer trend against the dollar following a sharp narrowing of Euro-currency rate differentials. The D-mark showed mixed changes at the Frankfurt fixing, losing ground to the dollar and sterling, but improving against the Swiss franc and Japanese yen. The dollar rose to DM 1.7483 from DM 1.7486 without any intervention by the Bundesbank, and sterling improved to DM 4.1450 from DM 4.1430. The Swiss franc fell to DM 1.0868 from DM 1.0872, and the yen to DM 7.9800 per 1,000 yen from DM 8.0000. Within the EMS the Irish punt fell to DM 3.7420 from DM 3.7480; the French franc to DM 43.10 from DM 43.12 per 100 francs; the Belgian franc to DM 6.240 from DM 6.241 per 100 francs; and the Danish krone to DM 32.26 from DM 32.27 per 100 krone. On the other hand the lira rose to DM 2.102 from DM 2.100 per 1,000 lira; and the Dutch guilder to DM 91.425 from DM 91.41 per 100 guilder.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package—The lira gained ground against most major currencies at the Milan fixing, although the dollar was firm at L831.80, compared with L830.45. Sterling fell to L1,972.50 from L1,973.60, and the Swiss franc to L517.05 from L517.33. Among EMS members the D-mark declined to L475.90 from L476.30; the French franc to L204.99 from L205.37; the Belgian franc to L29.69 from L29.71; the Danish krone to L153.53 from L153.67; and the Irish punt to L1,782.50 from L1,783.35. But the Dutch guilder rose to L434.80 from L433.51.

JAPANESE YEN—Steady in recent weeks, after showing a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency — The yen declined slightly against the dollar in moderate Tokyo trading. The U.S. currency rose to Y219.15 from Y218.25. It opened at Y218.50, and touched a high of Y219.20, helped by the firmer trend in Eurodollar interest rates.

THE POUND SPOT AND FORWARD

July 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3670-2.3750	2.3725-2.3735	1.62-1.42c pm	7.43	3.47-3.37 pm	5.76
Canada	2.7250-2.7350	2.7335-2.7345	1.27-1.17c pm	6.36	3.20-3.10 pm	4.61
Nethlnd.	4.52½-4.55	4.53¾-4.54¾	2⅞-1⅞c pm	6.28	6½-5½ pm	5.29
Belgium	66.20-66.60	66.30-66.40	20-10c pm	2.71	45-35 pm	2.41
Denmark	12.82-12.86	12.84¾-12.85½	½-2ore dis	−1.06	6½-8 dis	−2.26
Ireland	1.1040-1.1090	1.1055-1.1065	0.02p pm-0.02 dis	—	0.17-0.13 pm	0.54
W. Ger.	4.13-4.16	4.14½-4.15½	3¼-2½pf pm	7.59	7¼-6¼ pm	6.38
Portugal	115.20-116.00	115.65-115.85	par-25c dis	−1.29	45-93 dis	−2.38
Spain	167.50-168.10	167.95-168.05	58-121c dis	−6.39	309-384 dis	−8.25
Italy	1,968-1,974	1,973-1,974	2½-4½lire dis	−2.28	27½-30¼ dis	−5.83
Norway	11.38½-11.43½	11.42-11.43	8½-6½ore pm	7.75	17¼-15½ pm	5.73
France	9.59½-9.65	9.63½-9.64½	4¼-3¼c pm	4.67	9¼-8¼ pm	3.63
Sweden	9.76½-9.80½	9.79¾-9.80¾	2⅞-2ore pm	2.83	2½-1⅞ pm	0.89
Japan	218.80-219.85	218.30-219.40	1.90-1.50y pm	3.92	4.05-3.85 pm	2.96
Austria	29.32-29.50	29.46-29.50	15-13gro pm	5.70	35-32 pm	4.55
Switz.	3.80-3.83½	3.81¾-3.82¾	4-3c pm	10.99	10-9 pm	9.94

Belgian rate is for convertible francs. Financial franc 67.20-67.30. Six-month forward dollar 5.22-5.12c pm. 12-month 7.10-7.00c pm.

THE DOLLAR SPOT AND FORWARD

July 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3670-2.3750	2.3725-2.3735	1.62-1.42c pm	7.43	3.47-3.37 pm	5.76
Ireland†	2.1400-2.1440	2.1420-2.1440	1.40-1.30c pm	7.56	3.50-3.40 pm	6.44
Canada	1.1512-1.1539	1.1528-1.1531	0.19-0.24c dis	−2.24	0.43-0.48dis	−1.58
Nethlnd.	1.9110-1.9140	1.9130-1.9140	0.12-0.17c dis	−0.91	0.15-0.20dis	−0.38
Belgium	27.94-28.03	27.94-27.96	9-10½c dis	−4.18	22-24½ dis	−3.32
Denmark	5.4160-5.4190	5.4160-5.4175	2½-4ore dis	−8.31	10¼-11¼ dis	−8.12
W. Ger.	1.7465-1.7510	1.7470-1.7480	0.05pf pm-0.05 dis	—	0.29-0.19 pm	0.55
Portugal	48.70-48.85	48.75-48.80	30-40c dis	−8.61	70-110 dis	−7.38
Spain	70.72-70.80	70.73-70.78	75-95c dis	−14.41	225-255dis	−13.57
Italy	831.25-832.20	831.80-832.20	7-9lim dis	−11.53	24½-27 dis	−12.38
Norway	4.8085-4.8200	4.8185-4.8200	0.30ore pm-0.20dis	0.12	0.10-0.60dis	−0.29
France	4.0450-4.0630	4.0615-4.0630	0.90-1.00c dis	−2.81	2.20-2.40dis	−2.27
Sweden	4.1220-4.1300	4.1280-4.1290	1.50-1.65ore dis	−4.58	5.10-5.25dis	−5.01
Japan	218.80-219.85	219.30-219.40	0.55-0.70y dis	−3.42	1.60-1.65dis	−2.87
Austria	12.40½-12.42¾	12.41½-12.42¼	1.50-2.10gro dis	−1.74	3.25-5.00dis	−1.33
Switz.	1.6070-1.6140	1.6095-1.6105	0.61-0.56c pm	4.36	1.80-1.75 pm	4.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 15	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.6	−31.7
U.S. dollar	83.2	−10.3
Canadian dollar	81.4	−15.4
Austrian schilling	157.7	+24.5
Belgian franc	115.2	+14.4
Danish kroner	107.9	−4.3
Deutsche mark	155.4	+44.7
Swiss franc	200.1	+80.5
Guilder	128.3	+20.1
French franc	109.9	−5.4
Lira	53.2	−51.3
Yen	138.9	+96.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	18	0.559901	0.609573
U.S. $	11	1.33010	1.44288
Canadian $	10.44	1.53001	1.65822
Austria Sch	6¾	15.4640	17.8556
Belgium F	13	37.1746	40.3338
Danish K	13	7.18919	7.79874
D'mark	7½	2.31850	2.51608
Guilder	8½	2.53783	2.75330
French Fr	9½	Unavail	5.83643
Lira	16	1104.65	1198.31
Yen	8	290.361	314.616
Norwgn. Kr.	8	6.39180	6.93230
Spanish Pts.	8	93.8368	101.831
Swedish Kr.	10	5.48414	5.94681
Swiss Fr.	3	2.13481	2.31653

OTHER CURRENCIES

July 15	£	$		£ Note Rates
Argentina Peso	4413-4433	1863-1870	Austria	28.20-29.50
Australia Dollar	2.0445-2.0485	0.8620-0.8625	Belgium	66.60-67.20
Brazil Cruzeiro	123.95-124.35	52.115-52.315	Denmark	12.78-12.87
Finland Markka	8.55-8.56	3.6130-3.6150	France	9.56¼-9.62½
Greek Drachma	101.043-105.383	42.66-46.80	Germany	4.12¾-4.13¾
Hong Kong Dollar	11.63½-11.65½	4.9100-4.9120	Italy	1940-1980
Iran Rial	n a	n a	Japan	515-523
Kuwait Dinar(KD)	0.629-0.635	0.2656-0.2667	Netherlands	4.51½-4.54½
Luxembourg Frc.	66.30-66.40	27.94-27.98	Norway	11.35-11.43
Malaysia Dollar	5.0780-5.0880	2.1430-2.1450	Portugal	112-117
New Zealand Dlr.	2.3995-2.4045	1.0115-1.0125	Spain	162-169
Saudi Arab. Riyal	7.84-7.90	3.3175-3.3205	Sweden	9.74-9.91
Singapore Dollar	5.0090-5.0190	2.1110-2.1130	Switzerland	3.80-3.83
Sth. African Rand	1.8155-1.8165	0.7650-0.7655	United States	2.36½-2.37½
U.A.E. Dirham	8.75-8.81	3.7010-3.7040	Yugoslavia	63-67

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3050	+1.30	+0.58	±1.53
Danish Krone	7.72336	7.80410	+1.05	+0.33	±1.64
German D-Mark	2.48208	2.51645	+1.38	+0.62	±1.125
French Franc	5.84700	5.84102	−0.10	−0.82	±1.3557
Dutch Guilder	2.74362	2.75224	+0.32	−0.40	±1.512
Irish Punt	0.668201	0.672213	+0.60	−0.12	±1.668
Italian Lira	1157.79	1197.06	+3.39	+2.78	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.373	4.150	520.5	9.640	3.823	4.538	1974.	2.734	66.35
U.S. Dollar	0.421	1.	1.749	219.3	4.062	1.611	1.919	831.5	1.152	27.98
Deutschemark	0.241	0.572	1.	125.4	2.323	0.921	1.093	475.5	0.659	15.99
Japanese Yen 1,000	1.921	4.559	7.973	1000.	18.52	7.344	8.712	3792.	5.253	127.6
French Franc 10	1.037	2.462	4.305	539.8	10.	3.966	4.707	2047.	2.836	68.83
Swiss Franc	0.262	0.621	1.086	136.2	2.522	1.	1.187	516.3	0.715	17.36
Dutch Guilder	0.220	0.523	0.915	114.7	2.125	0.842	1.	434.9	0.603	14.62
Italian Lira 1,000	0.507	1.202	2.103	263.7	4.886	1.937	2.298	1000.	1.386	33.62
Canadian Dollar	0.366	0.868	1.518	190.4	3.526	1.398	1.660	721.8	1.	24.27
Belgian Franc 100	1.507	3.576	6.255	784.5	14.53	5.761	6.836	2974.	4.121	100.

LONDON INTERBANK FIXING (11.00 a.m. JULY 15)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 3/4	offer 9 7/8	bid 9 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	—	9-9⅛	10-12	10⅛-10¼	4¾-5	9⅛-9¼	11⅞-12⅛	14-17	9⅛-9¼	12⅜-12⅞
7 days' notice	15⅝-15⅞	9⅛-9⅜	10-12	10⅜-10⅝	4¾-5	8⅞-9⅛	11⅞-12⅛	18-21	9¼-9⅜	12½-12¾
Month	16⅛-16⅜	9¼-9½	11⅛-11⅛	10⅛-10⅜	5¼-5⅜	9⅜-9½	11⅞-12⅛	19½-21	9⅛-9¼	12⅝-12⅞
Three months	15⅛-15⅜	9⅝-9⅞	11-11⅜	10-10¼	5⅜-5½	9⅛-9⅜	11⅞-12⅛	21-22	9⅜-9⅝	12⅝-12⅞
Six months	14⅜-14⅝	9⅞-10⅛	10¾-11⅛	10-10¼	5⅜-5⅝	8¾-8⅞	11⅞-12¼	21-22	9⅞-9⅞	11½-11⅝
One Year	13⅞-14⅛	9⅞-10⅛	10⅝-11	10-10⅛	5-5⅛	8⅜-8⅝	12-12¼	19½-20½	10-10⅛	9⅞-10

Long-term Eurodollar two years 10¼-10⅞ per cent; three years 10⅞-11⅛ per cent; four years 11-11¼ per cent; five years 11¼-11½ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London-dollar certificates of deposit: one-month 9.10-9.20 per cent; three-months 9.20-9.30 per cent; six-months 9.20-9.30 per cent; one years 9.40-9.50 per cent.

INTERNATIONAL MONEY MARKET

German rates mixed

Interest rates in Frankfurt showed mixed changes yesterday. Call money was quoted at 9.65-9.75 per cent, down from 9.75-9.85 per cent on Monday, reflecting the easier conditions prevailing at the moment. Longer term rates were firmer, however, with one-month money at 9.90-9.95 per cent against 9.75-9.90 per cent, and 12-month money quoted at 8.75-8.85 per cent compared with 8.60-8.80 per cent previously. Meanwhile West Germany's central bank money supply figures, released yesterday, showed a growth rate towards the lower end of the 5-8 per cent growth range set for 1980. After stabilising in May, it grew by around DM 700m in June, giving an annualised growth rate for the first half of the year of 5½ per cent.

In Brussels the rate on four-month bond fund paper fell to 13.25 per cent from 13.50 per cent at the weekly auction. In the money market call money was quoted at 13½-15 per cent.

In Paris call money rose to 12½ per cent from 12⅛ per cent, while period rates were unchanged from Monday.

In New York Treasury bill rates opened lower, with 13-week bills at 8.07 per cent against 8.169 per cent at Monday's auction and 26-week bills at 8.02 per cent compared with an average of 8.110 per cent at the auction. Federal funds were quoted at 9½ per cent, unchanged from opening levels.

MONEY RATES

NEW YORK	
Prime Rate	11½-11¾
Fed. Funds	9-9¼
Treasury Bills (13-week)	8.07
Treasury Bills (26-week)	8.02
GERMANY	
Discount Rate	7.5
Overnight Rate	9.70
One month	9.925
Three months	9.825
Six months	9.325
FRANCE	
Discount Rate	9.5
Overnight Rate	12.25
One month	12.0625
Three months	12.0625
Six months	11.75
JAPAN	
Discount Rate	8.0
Call (Unconditional)	12.75
Bills Discount (three-month)	12.3375

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day to day credit continued to be in short supply in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of Treasury bills, direct from discount houses, and small loans to one or two houses at MLR for repayment today. The market was faced with the repayment of Monday's moderate leanding and a small net take up of Treasury bills to finance. There was also a small increase in the note circulation. On the other hand banks brought forward balances a small way above target, and there was a small excess of government disbursements (including rate support grant and gilt dividends) over revenue transfers to the Exchequer.

In the interbank market, overnight money opened at 16½-17 per cent and fell to 16½-16¾ per cent. By lunch rates had fallen to 16-16½ per cent and touched 15-15½ per cent during the afternoon. After a brief rise to 16½-16¾ per cent rates came back to close at 15-15½ per cent.

GOLD

Further fall

Gold continued to fall sharply in the London bullion market yesterday, losing $24 to close at $619-622. The metal opened at $631-634, the highest level of the day, and touched a low point of $614-617. It was fixed at $621.00 in the morning and $619.50 in the afternoon. Fears of a possible resumption of U.S. gold sales, the present surplus of oil on the world market, and the recent release of a U.S. hostage by Iran all contributed to the downward trend.

In Paris the 12½ kilo gold bar was fixed at FFr 82,000 per kilo ($628.65 per ounce) in the afternoon, compared with FFr 83,750 FFr 86,000 ($660.63) Friday ($642.38) in the morning, and afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,960 per kilo ($622.01 per ounce), compared with DM 36,500 ($651.05) on Monday, and finished at $618-621, against $648-651 previously.

In Zurich gold closed at $618-$621 per ounce, compared with $648-651 on Monday.

	July 15		July 14	
Gold Bullion (fine ounce)				
Close	$619-622	(£260.9-262.2)	$643-646	(£270¾-272)
Opening	$631-634	(£259.1-267.4)	$660-665	(£277¾-279)
Morning fixing	$621.00	(£261.804)	$649	(£272.941)
Afternoon fixing	$619.50	(£261.036)	$650	(£273.661)
Gold Coins				
Krugerrand	$639-642	(£269½-271½)	$663-666	(£279-281)
Mapleleaf	$635-638	(£267¼-269¼)	$658½-661½	(£277-280)
New Sovereigns	$157-158	(£66¼-67¼)	$153½-154½	(£65¾-69¼)
King Sovs	$182-184	(£76½-77½)	$187-189	(£78½-79¼)
Victoria Sovs	$182-184	(£76½-77½)	$187-189	(£78½-79¼)
French 20s	$161½-164½		$165½-169¼	
50 pesos Mexico	$762-767		$800-805	
100 Cor. Austria	$603-608		$630-635	
$20 Eagles	$738-739		$758-752	
$10 Eagles	—	—	—	
$5 Eagles	—	—	—	

LONDON MONEY RATES

July 15 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-17	—	—	—	16½	15¼-16	—	—	—
2 days notice	—	—	16⅝-16¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15½-16¾	16¾	—	17⅛	16½-17¼	15⅝-16¾	—	—	—
One month	16⅛-16¾	16⅝-16¾	16½-16⅝	17¼-17⅛	17	17-17⅛	16¾	14⅞-14¾	16⅛	16⅞
Two months	15⅞-16⅜	16¼-16⅜	—	16⅜-17	16⅝	—	15-15⅛	14⅝	15⅞	16¼
Three months	15⅜-15¾	15⅞-15	15½-16	15¼-15⅞	15¼	15¼-15½	14⅝-14¾	14⅜-14⅞	15⅛	15⅝
Six months	14⅜-14½	14⅜-14⅝	14⅞-14⅞	14¼-14⅝	15	15½	—	—	13⅞-13⅞	14⅛
Nine months	15⅛-13⅝	15⅛-13⅝	—	14¼-14½	14¼	15	—	—	—	—
One Year	13⅛-13⅞	13⅞-13⅝	15⅛	13⅝-13⅞	13⅞	15	—	—	—	—
Two years	—	—	13⅛-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13½ per cent; four years 13¼-13½ per cent; five years 13¾-13½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅝-14¹¹⁄₃₂ per cent; four-month trade bills 15⅝ per cent.

Approximate selling rate for one-month Treasury bills 14⅞-14²⁹⁄₃₂ per cent; two-months 14½ per cent; three-months 14⅜-14½ per cent. Approximate selling rate for one-month bank bills 15⅝ per cent; two-months 15¾ per cent; three-months 15 per cent; one-month trade bills 16⅝ per cent; two-months 16 per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4524 per cent.

Group directorship at Boots

The BOOTS COMPANY has appointed the following directors to four of its subsidiaries.

Boots the Chemists—Mr. C. C. Biggar, Mr. J. Joffe, Mr. J. A. Prescott, Mr. R. D. Wroughton and Mr. J. D. Wykes. Timothy Whites—Mr. J. W. Berry. Boots Pure Drug Company—Mr. S. Pierce and Mr. T. S. Simpson. Boots International—Mr. E. C. Bosworth and Dr. Barbara Marsh.

★

CONTROL DATA CORPORATION has elected Mr. Robert M. Price as president and chief operating officer and Mr. Norbert R. Berg, deputy chairman of the Board. They join Mr. William C. Norris, chairman and chief executive officer, in a newly-created corporate executive office. Mr. Robert D. Schmidt, executive vice-president, has been made vice-chairman with Mr. William R. Keye. Mr. Marvin G. Rogers, senior vice-president, finance, becomes executive vice-president, finance, and Mr. Robert C. Chinn, senior vice-president, takes over the additional position of assistant to the chairman.

★

Mr. Michael Kenner has been appointed managing director of DINERS WORLD TRAVEL, the travel agency which is a wholly-owned subsidiary of Diners Club International.

★

PHICOM's video communications division, has made changes to the Board of its subsidiary—Television International. Mr. Peter Wayne, TVI's managing director since 1971, has now been appointed its chairman. He will be succeeded as managing director by Mr. Ian Reed, who has been the Group's director of finance since 1976. Mr. Roy Watson, director of sales and VTR facilites, has decided to leave the company. Mr. Steve Beamish, the Group's engineering director, will take over Mr. Watson's responsibilties in VTR, and TVI will be recruiting a new full-time sales director.

★

Mr. B. S. E. Freshwater, managing director, has also been elected chairman of DAEJAN HOLDINGS and its subsidiaries.

★

AGB RESEARCH has appointed Mr. A. M. Ashley finance director from August 1. He replaces Mr. D. M. Wharrie, who has been made joint managing director.

★

Mr. P. A. R. Greenstreet has been appointed secretary of SALE, TILNEY AND COMPANY in place of Mr. M. P. M. Ollard, who has retired as director and secretary.

★

NETWORK COMMUNICATIONS SERVICES which recently launched a radiophone service linking vehicles direct to the Post Office telephone system, has re-organised its executive board. Mr. John A. Gregory has been appointed chairman, Mr. John Ditchburn deputy chairman. Mr. Ian Littlewood is now financial director, and Mr. Norman Fineman company secretary. Mr. Derek Wylde has joined the board as marketing director and Mr. Philip Blenkhorn has been made general manager. Mr. J. T. Muraszko has resigned from the board.

★

Mr. Asa B. Davis III, Mr. Edward G. Holloway and Mr. Martin Smith have been elected to the board of BANKERS TRUST INTERNATIONAL, London.

★

Mrs. Patricia R. Buzalek has been appointed a director of GALLIC CREDIT INTERNATIONAL, a subsidiary of Gallic Shipping.

★

Mr. Richard Clark, Mr. John Hale, Mr. Jan Lundqvist and Mr. Bertil Norlnder have been appointed deputy general managers of SCANDINAVIAN BANK.

★

Mr. Rodney Hill has been appointed production director of BRIDON WIRE and has been succeeded as general manager at the company's Cleckheaton factory by Mr. James G. Scrimshaw.

★

Mr. John E. Lewis has been appointed production director of BRITVIC, reporting to operations director Mr. Roy Jarred. The position of production director was formerly held by Mr. Geoffrey Yates, who resigned to become general manager with John Holt Vintners.

★

Mr. Leon Roberts has been appointed senior regional manager of NATIONAL WESTMINSTER BANK'S correspondent banks relationships section in the International Banking Division, based in the City of London. Since 1977 he has been senior representative in Australasia.

★

Mr. Frederick Ungar, founder of UNGAR FABRICS, of Great Yarmouth, has resigned and will be leaving the company at the end of this month.

★

Mr. David Jacobs has been appointed sales director of SMEDLEY-HP FOODS and a director of Golden Wonder. He was formerly a director of Empress Products in Manchester.

★

Mr. David Royce, until now Under Secretary at the Department of Trade, has been appointed director-general of the INSTITUTE OF EXPORT from September 1, following his retirement from the Civil Service. Latterly he has been in charge of Export Development Division.

★

Mr. Malcolm R. Thorne has joined the Board of directors of DEUTSCH DICKENSON METALS.

WORLD STOCK MARKETS

Dow up in heavy early trade

IN EXTREMELY heavy dealings yesterday morning, Wall Street staged a further improvement, building on the sharp gains posted on Monday when prices reached their best level since September, 1978, as measured by the Dow Jones Industrial Average.

The Dow Jones Average, up 14.42 the previous day, had added 4.52 at 910.07 by 1 pm yesterday, while the NYSE All Common Index advanced 36 cents to a new record high of $69.04. Rises held a nine-to-five ratio lead over declines.

The New York Stock Exchange recorded its fifth heaviest first-hour volume with turnover of 18.34m shares. The record first hour was 20.73m shares on October 10 last year. By 1 pm yesterday, turnover had swelled to 45.45m shares, far in excess of the previous day's comparable mid-session total of 28.38m.

Analysts said the market's recent gain in large measure reflected hopes, based on recent economic reports, including retail sales and consumer debt, that the recession would not be as severe as previously expected.

Motor and Drug shares were firmer, but Precious Metal issues retreated in line with falling Bullion prices.

Ford Motor reported a 14.1 per cent decline in early July sales, a much smaller fall than in recent months, and picked up ½ to $28⅞. General Motors rose ¾ to $52¼.

Lockheed added ¼ to $28¼. The UK is to spend £5bn to buy Lockheed's Trident missile system. Philip Morris reported higher second-quarter net and gained $1 to $41. Gulf Oil raised its dividend and added ⅛ at $15⅛.

Merrill Lynch reported higher June-quarter net earnings and raised its dividend, but eased ¼ to $27⅛. Citicorp slipped ⅛ to $23⅞ despite sharply higher second-quarter profits.

Honeywell's June-quarter net profits declined but it gained ⅞ to $88⅛.

In the Drugs group, Bristol-Myers rose 1¼ to $43¼, Merck ½ to $75¼ and Johnson and Johnson ¾ to $80⅞.

Among Precious Metal shares, ASA slipped ⅛ to $50¼, Dome Mines 1⅞ to $95 and Campbell Redlake 2¾ to $51⅞.

THE AMERICAN SE Market Value Index, in contrast to the NYSE, eased 0.16 to 309.96 at 1 pm, with mixed overall price movements recorded. Volume 4.73m shares (3.78m).

Oils were mixed and Mining shares weak. Volume leader Houston Oil put on ¼ to $31⅞ and Gulf Canada ⅛ to $29¼, but Delhi International lost ⅞ to $46⅞. Day Mines shed 1⅛ to $28⅞ and Giant Yellowknife Mines ⅜ to $19¼.

Active Dataproducts rose 2¼ to $20⅞ on an upsurge in June-quarter net profits. Cavitron moved ahead 1⅛ to $16⅞. It has rejected as inadequate a Cooper Laboratories bid for its shares of $20 apiece.

Canada

Markets were mixed with a slightly firmer tendency after active early dealings. The Toronto Composite Index hardened 1.3 to 2,127.6 at noon, while Metals and Minerals put on 6.7 to 1,976.9, but Golds declined 69.9 to 4,343.6 and Oil and Gas 29.5 to 4,957.9. In Montreal, Papers gained 1.06 to 183.72 but Banks eased 0.68 to 356.92.

Tokyo

Stock prices again showed a bias to lower levels, but selective buying pushed some recently neglected Blue Chips ahead and also produced sharp gains in the Energy sector.

The Nikkei-Dow Jones Average recovered 14.01 to 6,793.37 and the Tokyo SE index edged up 0.14 to 468.61, although falls outnumbered advances on the First Market section by 349 to 277. There was a fairly large turnover of 380m shares, well above Monday's 210m.

Nippon Oil rose Y90 to Y1,520, Teikoku Oil Y40 to Y1,180, Arabian Oil Y20 to Y2,850, Mitsui Mining Y11 to Y661 and Koa Oil Y21 to Y685.

Elsewhere, Kubota gained Y6 to Y378, Trading House C. Itoh Y7 to Y420 and Nippon Shinpan Y9 to Y659.

Honda Motor shed Y2 to Y550 despite news of a sharp rise in consolidated net income in the first-quarter. Toyota Motor lost Y3 to Y740, but Nissan Motor improved Y9 to Y640 and Yamaha Motor Y12 to Y847.

Sony rallied Y20 to Y2,220, due partly to an overnight gain on Wall Street, but Pioneer Electronic were Y30 lower at Y2,000.

There were some wide fluctuations in speculatives, which closed mixed after an initial rise.

Germany

Leading equities mostly took a turn for the better as foreign investors made trading moderately lively. The Commerzbank index regained 3.7 at 728.1.

Deutsche Bank put on DM 3.90, while GHH gained DM 4.50 in Engineerings, Daimler DM 3.50 and Volkswagen DM 2.70 among Motors, and Siemens DM 2.80 in Electricals.

Public Authority Bonds traded narrowly around Monday's closing levels, and the Bundesbank again took only a small part in the market, selling DM 900,000 nominal of paper after sales of DM 2.3m the previous day. Mark Eurobonds were mixed.

Australia

The recent reactionary trend in the Oil and Mining sectors continued yesterday, with no sign of a revival in overseas interest.

Stocks with gold interests were hit by the falling international Bullion price, Central Norseman Gold retreating 60 cents to A$10.90, Poseidon another 15 cents to A$4.10 and Kia Ora Gold 6 cents to 46 cents.

Elsewhere in Minings, Hamersley receded 10 cents to A$4.40, while Coal and Allied, A$11.70, and North Broken Hill, A$3.40, were similarly lower, but Western Mining rallied 4 cents to A$5.04.

Bridge Oil lost 25 cents to A$3.55 and Hartogen Energy cents to A$4.50. Among Shares, Central Pacific shed more to A$65, but Geometals 8 cents to 95 cents.

Industrials were mixed, with ICI Australia, strong of late, falling 20 cents to A$2.52, CSR rebounding 26 cents to A$7.20.

Johannesburg

Gold shares further receded reflecting the sharp decline in Bullion price, although selling pressure was light. FS Geduld lost R1.75 to R72.25 and East Driefontein 50 cents to R27.

Among the Rand Mines group of gold companies, Harmony shed R1.40 to R25.50 and Blyvoors 85 cents to R18.40. Durban Deep and ERPM held steady after the quarterly results announced on Monday.

Mining Financials and other Metals followed gold producers down. Amgold stood out with a fall of R4.75 to R102.00, while Anglos were 30 cents lower at R16.50. Copper issue Messina, however, put on 10 cents to R5.60.

Hong Kong

Stocks closed generally easier on local profit-taking, which accelerated throughout the afternoon. Lack of fresh overseas interest prompted the selling, dealers said, causing the Hang Seng index to recede to 1,097.04 from the new year high reached on Monday. Trading remained active, with turnover on the four exchanges totalling HK$377.97m, compared with the previous day's HK$356.32m.

Among the leaders, Cheung Kong declined 40 cents to HK$17.30, Hong Kong Wharf HK$1.50 to HK$75.50, Hutchison Whampoa 40 cents to HK$10 and Jardine Matheson 50 cents to HK$20.10.

Elsewhere, Swire Properties shed 10 cents of Monday's 10 cents rise to close at HK$

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	July 14	July 11	July 10	July 9	July 8	July 7	1980 High	1980 Low	Since Compil'n High	Since Compil'n Low
● Industr'ls	906.55	881.13	885.32	887.27	887.35	868.21	905.55 (14/7)	759.15 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
N'mo B'nds	73.01	73.15	73.56	73.57	73.87	74.25	78.61 (23/5)	65.87 (28/3)	—	—
Transport	297.87	291.52	290.04	291.88	290.32	290.64	305.80 (8/2)	235.68 (27/3)	305.98 (19/2/80)	12.23 (8/7/32)
Utilities	114.69	114.68	114.90	115.08	115.88	115.74	115.88 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's	45,500	38,420	44,820	52,260	46,100	42,720	—	—	—	—

● Day's high 908.28 low 887.20

	July 11	July 4	June 27	Year ago (approx)
Ind. div. yield %	5.96	5.94	5.99	5.70

STANDARD AND POORS

	July 14	July 11	July 10	July 9	July 8	July 7	1980 High	1980 Low	Since Compil'n High	Since Compil'n Low
†Indust'ls	155.51	132.66	131.59	132.86	132.62	135.16	135.11 (14/7)	111.09 (27/7)	135.51 (14/7/80)	3.62 (30/6/32)
†Composite	120.91	117.64	116.95	117.99	117.84	116.28	120.81 (14/7)	98.22 (15/2)	125.85 (11/1/73)	4.40 (1/6/32)

	July 9	July 2	June 25	Year ago (approx)
Ind. div. yield %	4.97	5.07	4.99	5.21
Ind. P/E Ratio	7.00	7.22	7.79	8.03
Long Gov. Bond Yield	10.11	10.13	9.77	8.86

N.Y.S.E. ALL COMMON

July 14	July 11	July 10	July 9	1980 High	1980 Low
68.68	67.44	66.95	67.46	68.68 (14/7)	55.30 (27/3)

Rises and Falls	July 14	July 11	July 10
Issues Traded	1,903	1,896	1,885
Rises	1,195	896	572
Falls	390	589	900
Unchanged	317	411	413
New Highs	149	85	65
New Lows	2	3	2

MONTREAL

	July 14	July 11	July 10	July 9	1980 High	1980 Low
Industrial	391.67	389.72	387.24	392.95	421.80 (29/2)	325.21 (27.1)
Combined	360.22	368.79	357.33	362.83	376.90 (29/2)	296.98 (27.1)
TORONTO Composite	2126.9	2116.9	2114.3	2141.3	2192.5 (29/2)	1702.5 (27.3)

	July 15	July 14	July 11	July 10	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/39)	905.17	906.55	516.55	316.50	947.47 (14/2)	760.00 (2/1)
Metals & Minls (1936/39)	5616.64	5631.55	5759.13	5904.99	6680.95 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2.1.62)	66.95	67.07	67.19	67.15	69.48 (7/1)	66.85 (25/6)
BELGIUM						
Belgian SE (31/12/63)	94.97	94.78	94.47	94.72	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	82.20	82.12	82.25	82.06	88.74 (2/1)	74.78 (5/1)
FRANCE						
CAC General (29/12/61)	(u)	(c)	107.8	108.3	115.2 (14/2)	97.1 (6/1)
Ind Tendance (28/12/79)	109.5	(c)	109.4	110.3	110.7 (8/7)	95.60 (8/1)
GERMANY						
FAZ-Aktien (31/12/58)	251.65	250.19	251.12	251.51	259.09 (25/2)	212.73 (28/3)
Commerzbank (Dec.1953)	729.1	724.4	727.9	728.5	749.2 (25/2)	667.8 (27/3)
HOLLAND						
ANP-CBS General (1970)	85.0	84.5	84.1	84.6	87.0 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	63.5	62.7	62.7	62.9	68.2 (11.1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1097.94	1104.56	1101.14	1083.73	1104.56 (14/7)	719.9 (19/1)
ITALY						
Banca Comm. Ital (1972)	101.51	101.54	101.67	103.07	107.74 (20/6)	85.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6791.17	6779.16	6767.9	6734.24	6904.91 (25/4)	6475.93 (27/3)
Tokyo New SE (4/1/68)	468.61	468.47	469.02	470.24	476.55 (23/6)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	125.77	122.75	122.75	125.57	144.70 (14/2)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	568.22	561.20	564.56	557.00	564.58 (11/7)	423.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	720.2	728.7	728.1	748.8 (8/7)	643.3 (13/6)
Industrial (1958)	(u)	555.0	556.8	355.6	556.8 (8/7)	458.0 (29/1)
SPAIN						
Madrid SE (29/12/78)	103.60	(c)	102.79	102.67	103.58 (15/7)	89.76 (10/5)
SWEDEN						
Jacobson & P. (1/1/58)	574.47	572.63	572.24	570.96	595.98 (8/2)	534.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	303.5	302.2	302.3	302.0	317.9 (11/2)	284.3 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	146.6	145.5	145.2	146.6 (16/7)	128.8 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Nat. Semicndctr.	540,900	28¾	+1⅜	Mobil	349,700	76⅞	−⅛
IBM	504,200	64⅝	+2	Std. Oil Indiana	335,600	62	+3⅞
General Motors	412,300	51⅝	+1⅞	Boeing	333,300	38¼	+⅞
Bucyrus-Erie	412,000	21⅞	+1⅞	Xerox	295,500	60	+3
LTV	391,200	11¾	+¾	Burroughs	291,600	64⅞	−1¼

COMMODITIES AND AGRICULTURE

Tough action urged on egg imports

By Richard Mooney

EEC COUNTRIES should be allowed to defend their egg producers by banning or imposing levies on imports from countries who over-produce, the British Egg Association said yesterday.

Mr. Peter Humphrey, chairman of the Association, which represents specialist egg producers accounting for nearly half the British laying flock, said the industry was facing "the greatest threat of all time."

"Dutch and French producers, the villains at present," had expanded their flocks beyond all reasonable limits and were offering their surplus production at prices the British could not compete with.

As a result Britain, traditionally a substantial net exporter of eggs, had become a net importer in the past few months, Mr. Humphrey said.

The Association has launched a nine-point plan to combat this situation. This would include an annual review of the EEC market situation on which national production targets would be based. Where one country exceeded its target other governments would be able to impose defensive levies or bans.

Other points in the plan include a survey of costs and production methods in each community country with special attention being given to financial aids received by producers.

Tin market nervous

BY JOHN EDWARDS, COMMODITIES EDITOR

BASE METAL markets were shaken again yesterday by the decline in gold and silver prices. On a percentage basis lead was most affected with the cash price falling by £12.75 to £321 a tonne.

Tin values came down too. Cash tin closed £102.5 lower at £7,040 a tonne, with the market showing considerable nervousness prior to the second offering of U.S. surplus stockpile tin. At the first offering a fortnight ago the stockpile authorities rejected all bids for the 500 tons of stockpile put for sale. But the market viewed this as something of an experiment while traders accustomed themselves to the new method of selling stockpile tin.

It is felt the second offering may attract more reasonable bids and a more amenable attitude by the stockpile authorities, especially in view of the weakness in the market. This time the stockpile sale coincides with a meeting of the International Tin Council in London where producers are expected to repeat their opposition to the sales at a time when a drop in demand means that new production is now outstripping consumption. The Tin Council estimates supply will exceed demand by some 5,000 tonnes this year at 207,000 tonnes, compared with a surplus of 5,000 tonnes in 1979, but some traders would argue that this is an optimistic assessment.

Copper closed only marginally lower, after a brief rally in New York helped regain earlier losses. However there is little doubt that with the U.S. workers strike continuing, copper would almost certainly have moved higher but for the decline in gold undermining speculative confidence in metals. Two U.S. companies, Copper Range and Anamax, are to hold talks with unions over their labour contracts that expire at the end of this month.

Chicago bid to block rival market

By Stewart Fleming in New York

IN AN EFFORT to disrupt the opening of the rival New York Financial Futures Market, the Chicago Board of Trade yesterday went to Federal Court in Chicago to try to block the Commodities Futures Trading Commission from approving New York Futures Exchange (NYFE) plans to trade U.S. Treasury Bill and bond futures.

The CBOT move came as the Commodities Futures Trading Commission (CFTC) was beginning a meeting at which it approved the New York Exchange's trading plans.

The CBOT's move against the New York market followed Monday's challenge by the CFTC of decisions by both the CBOT and the Chicago Mercantile Exchange to start trading new financial futures months without CFTC approval.

Decisions to press ahead without CFTC approval have thus developed into yet another in a long series of disputes between the exchanges and the CFTC which appear to raise fundamental questions about the CFTC's authority over the markets. There is speculation that this protracted struggle could at some point result in either the Treasury or the Federal Reserve Board assuming some regulatory responsibility over financial futures trading.

Another factor, however, underlying the dispute, is Treasury and FED concern about the deliverable supply of treasury bills. The authorities claim at one point to have detected evidence of an attempt to corner the Treasury Bill market through holdings of futures.

NEW ZEALAND EXPORTS TO EEC

No lamb-for-butter deal

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND will take a hard line over its future butter and lamb exports to the UK and other EEC countries in talks with Finn Gundelach, EEC Commissioner for Agriculture, in Wellington this week.

New Zealand will particularly resist a low quota on lamb exports and will not agree lightly to any deals to trade off butter exports in return for more favourable agreements on lamb.

If any limitation is placed on lamb imports into the EEC New Zealand will argue strongly that the quota must be set at around 240,000 tonnes.

This is the average tonnage of New Zealand lamb shipped to Europe over the past seven years. The UK would get around 200,000 tonnes and other EEC countries the remainder.

New Zealand is particularly concerned at the future level of its lamb trade with Greece after Greece becomes a full member of the EEC on January 1.

Greece is now a substantial buyer of New Zealand lamb and New Zealand meat exporters are concerned that this trade built up slowly and with much effort over the past 15 years could be seriously affected by EEC regulations and restrictions.

New Zealand is particularly worried that its world lamb trade could be adversely affected if the EEC disposes of subsidised lamb stocks on third country markets if its policies cause a production surplus in the EEC countries.

New Zealand officials and Cabinet Ministers will be asking Mr. Gundelach and the EEC Commission for a written assurance that there will be no dumping of subsidised lamb.

New Zealand regard the talks in Wellington as of such importance that Mr. Robert Muldoon, Prime Minister, is cutting short a planned nine-day tour of Pacific island countries to fly back to Wellington to take part.

Officials in Wellington and in the farming industry are adamant that New Zealand will not be interested in any deal trading butter for lamb. It has been suggested that if New Zealand agrees and accepts lower quotas for butter, it could be compensated by a more satisfactory agreement on future lamb sales. New Zealand says the two issues are completely separate and although both butter and lamb are vital to New Zealand's economy and although they are being negotiated at the same time they must be treated separately.

The New Zealand dairy industry is still shocked by the Brussels proposals earlier this month to cut New Zealand butter shipments to Britain to 90,000 tonnes by 1984.

The New Zealand dairy industry expected to ship 115,000 tonnes of butter to Britain next year under the EEC agreement. Instead it is now being asked to cut this to 97,000 tonnes. The dairy industry claims there is nowhere New Zealand can sell this extra quantity of butter, because it has already developed every possible market it could find.

The butter quota for 1982 would be 95,000 tonnes and for 1983 93,500 tonnes.

Although the new EEC proposals include a complex price arrangement which would give New Zealand a better price in return for sending less butter to the UK, neither the government nor the dairy industry is happy with this proposal. There are still too many details left unclear in the suggested formula. The quantity of butter going to UK this year also needs clarification.

Mr. Gundelach will be pressed to give some definite undertakings and commitments on future access for butter, which will go part of the way to satisfying New Zealand's doubts.

New Zealand is pleased that Mr. Gundelach and a team of EEC officials have been prepared to come to New Zealand for the talks. They see this as a sign that Mr. Gundelach in particular is anxious to find a satisfactory solution and that the EEC will not break its earlier commitments and brush aside New Zealand's problems.

Australia threatens trade sanctions against EEC, Page 6

Rubber price undervalued

By Our Commodities Staff

THE CURRENT price of natural rubber—at below 60p a kilo for No. 1 RSS grade—is considerably undervalued, according to the latest issue of Rubber Trends, published by the Economist Intelligence Unit. It claims that, even allowing for the significant downturn in demand, on fundamental grounds the price should be in the region of 65p to 75p a kilo.

The report adds that although the price may take some time to move from its present level (56.50p a kilo yesterday) compared with synthetic rubber, the cost of natural rubber looks cheap and is unlikely to remain below 60p for very long, even if the recession in the industry continues for some time.

Consumption of rubber is expected to fall by 1.5 per cent in volume this year, after rising by 3.2 per cent to 12.9m tonnes in 1979. The recession in the industry is likely to last for 12 months with no big recovery in demand until the second half of 1981. Prices of synthetic rubber are predicted to remain steady with any increases delayed by the growing over-capacity in the industry.

Housewives urged to buy British

BRITISH HOUSEWIVES were urged yesterday to buy British fruit and vegetables and help save £500m worth of "unnecessary" imports.

Mr. Charles Jarvis, chairman of the British Farm Produce Council, said in London, "Every year we import over £500m worth of foreign produce that can well be grown in this country.

"I'm not urging consumers to buy home produce simply because it is British," he added, "it is better than anything that comes from abroad."

Home produce still only accounted for about 70 per cent of consumption of the types of fruit and vegetables that could be grown efficiently in Britain, he said.

Recession affects Bangladesh jute

IF THE current economic recession from which the U.S. economy is suffering does not recover soon, the jute industry in Bangladesh will face yet another disaster warns Habibullah Khan Bangladesh's jute minister.

Raw jute and jute goods together account for nearly 70 per cent of the country's total export earnings and is the mainstay of the economy.

The U.S. buys about a quarter of the country's total exportable jute goods surplus worth nearly $100m and is the world's biggest buyer of carpet backing cloth (CBC) which accounts for nearly 85 per cent of Bangladesh's total jute goods exported there.

Shipments of CBC to the U.S. have stopped and stocks are piling up at the jute mills at an alarming rate. Arrangements are being made to create more space within the mill area to store unshipped jute goods and change production line to produce goods for which at least some markets exist elsewhere.

Bangladesh is expected to export 2.5m bales of raw jute out of a total world demand of nearly 3.2m bales. She also expected to export about 530,000 tons of jute goods this year in spite of a sign of decline in their exports into the European Community as well.

However India should be able to increase its jute output in the 1980-81 season, reports Reuter, from the 61.2m bales in 1979-80, provided rainfall in the rest of the monsoon season is normal, Rao Birendra Singh, Agriculture Minister, said.

Pyrethrum crop boost planned

EFFORTS ARE being made because of world demand to raise Kenya's pyrethrum crop from the current 7,000 tonnes a year to 11,000 tonnes.

The chairman of the Kenya Pyrethrum Board, Mr. J. K. Muregi, told farmers in pyrethrum growing areas round Mount Kenya that the world demand was 20,000 tonnes. Some 80 per cent of Kenya's production this year is going to the U.S. where there was a high demand for insecticides extracted from pyrethrum.

New world wheat pact needed urgently

BY BRIJ KHINDARIA IN GENEVA

A NEW International Wheat Agreement must be concluded soon to prevent severe food shortages in the majority of developing countries in coming years. In a speech to the UN Economic and Social Council (ECOSOC), Mr. Maurice Williams, executive director of the United Nations World Food Council (WFC), said more people were likely to go hungry in the Third World in 1990 than at present because of inadequate investments in food production.

"A new international wheat agreement remains the important centre-piece of world food security," he said, adding that a separate food reserve should be created if a new wheat accord is not achieved by the middle of next year.

Instability in world food markets, especially those for cereals, worsen the effect of food shortages because food cannot be easily brought from surplus areas. To prevent panic market behaviour the council has suggested that governments should accept a code of conduct designed to avoid destabilising international foodgrain markets in times of tight supply conditions.

In addition to a new Wheat Agreement or a new international food reserve, the International Monetary Fund should create a special facility to help developing countries to pay for food imports, and industrialised countries should agree on new arrangements to manage food crises.

To prevent recurrent famines and food shortages, industrialised countries must double aid given to encourage food production. It was essential to reduce the domination on world markets of western grain suppliers by promoting grain production in developing countries.

A new food aid convention should be concluded with a minimum target level of 10m tonnes of food aid compared with the 4.2m tonnes target of the previous convention. The previous convention which is linked to the International Wheat Agreement has not yet been renewed awaiting results of the wheat negotiations.

Mr. Williams predicted severe food shortages particularly in East African countries which are likely to import up to 1.5m tonnes of grains this year. Current investment is still well below levels needed to meet present and future food needs of developing countries as a whole, he added.

In Canada the Canadian Wheat Board, which has withdrawn from the market for the past three or four weeks may not make any more new sales of wheat until it has a better idea about prospects for the 1981 crop. No new sales are expected in the near future, due to the severe drought that damaged the crop. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on balance on the London Metal Exchange. After opening at £930 forward metal dipped to £926 in the rings before ending the morning Kerb at £928, with the market again affected by the sharp decline in gold. In the afternoon three months moved up to £933, as Comex opened on a strong note, and closed the late Kerb at £931 but fell away in the late after-office trading when the price was quoted at £926. Turnover: 15,850 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903.5-4	......	906.5-8	-1.25
3 months	926.5-7	+.5	929.5-30	-1.5
Settlem't	904	......	—	......
Cathodes				
Cash			885-6	-.75
3 months	880-1	-4	907-8	-1.5
Settlem't	904-5	-2	—	......
U.S. Prod	881	-4	*97-101	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £904, 3.5; three months £928, 27, 28, 27, 26.5. Cathodes: Cash £882; three months £904. Kerb: Wirebars: Three months £928, 27, 27.5. Afternoon: Wirebars: Three months £932, 31, 30, 31, 29, 28, 28.5, 29, 29.5. Kerb: Wirebars: Three months £927, 28, 29, 30, 31, 30.5, 31.

TIN—Lost ground ahead of the second of the GSA stockpile tin sales. Forward metal opened lower at £7,140 and held steady at this level following good buying despite the fall at Penang. In the rings the market came under slight pressure as hedge selling pared the price to £7,100. However, during the afternoon renewed selling was reported and forward metal dropped to £7,090 before rallying on U.S. physical interest to close the late Kerb at £7,095. Turnover: 1,080 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7080-90	-77.5	7030-50	-102
3 months	7105-10	-85	7070-80	-98
Settlem't	7090	-75	—	......
Standard				
Cash	7080-90	-77.5	7030-50	-102
3 months	7105-10	-85	7070-80	-90
Settlem't	7090	-75	—	......
Straits E.	†$2120	-18		......
New York	—			......

Morning: Standard: Cash £7,130, 7,080; three months £7,120, 25, 22, 20, 10, 7,100, 10. Kerb: Standard: Three months £7,110, 05, 7,100, 10, 7,100. Afternoon: Standard: Three months £7,090, 80, 70, 75, 80, 85, 80, 70, 75, 80, 75. Kerb: Standard: Three months £7,080.

LEAD—Lost ground. Having fallen below the £340 level in after-hours trading on Monday night forward metal attracted chartist selling and stop-loss selling at the outset which depressed the price to £330.5 by the early afternoon. However, this level prompted good trade support and forward metal recovered slightly to close the late Kerb at £332.5. Turnover: 8,350 tonnes.

Morning: Cash £323; three months £335, 33.5, 32.5, 33, 34, 33.5. Kerb: Three months £333. Afternoon: Three months £333, 31, 32, 31.5, 32, 33, 31.5, 32, 31, 31.5, 31. Kerb: Three months £331, 32, 31, 32.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	302-3	-10½	320.5-1.0	-12¾
3 months	333-.5	-8	331-.5	-12.5
S'ment	303	-10.5	—	......
U.S. Spot	—	......	*34-8	......

ZINC—Easier in sympathy with lead. Forward metal traded within narrow limits prior to ending the late Kerb at £307.5. Turnover: 4,200 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	295-.5	-3.5	295-6	-4.12
3 months	307-.25	-4.37	306.5-7	-4.5
S'ment	295.5	-3.0	—	......
Primw'ts	—	...	*55.5	......

Morning: Cash £295; three months £308, 7, 7.5. Kerb: Three months £307.5. Afternoon: Three months £308, 7, 6.5, 7. Kerb: Three months £307.

ALUMINIUM—Moved narrowly with the market sustained by the continuing tightness of nearby supplies which left three months at £727.5 on the late Kerb. Turnover: 7,125 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	747.5-8.0	-1	745-8	-2
3 months	728-.5	-3.25	726.5-7.5	-.5

Morning: Cash £749, 48.5; three months £730, 29, 28.5. Kerb: Three months £728, 27.5, 28. Afternoon: Three months £728, 27. Kerb: Three months £728, 27, 27.5.

NICKEL—Barely changed in idle trading with forward metal finally quoted at £2,792.5 on the afternoon Kerb. Turnover: 108 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2770-5	-2.5	2785-60	-5
3 months	2795-800	-5	2785-95	-6

Morning: Three months £2,785, 90, 95. Afternoon: Three months £2,790. Kerb: Three months £2,790.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

LEGAL NOTICE

J. RUFFY & COMPANY LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at the office of Redhead Piggott, 5 Butts Green Road, Hornchurch, Essex on Friday, the 18th day of July 1980 at 10.30 o'clock in the afternoon, for the purposes mentioned in Sections 294 and 295 of the said Act.

DATED this 7th day of July 1980.

By Order of the Board,
A. J. RUFFY,
Secretary.

SILVER

Silver was fixed 14.95p an ounce lower for spot delivery in the London bullion market yesterday at £5.54. U.S. cent equivalents of the fixing levels were: $15.5, down 39.9c; three-month $15.864, down 43.2c; six-month $10.322, down 44.2c; and 12-month $17.087, down 54.2c. The metal opened at £6.59-6.69 ($15.65-15.85) and closed at £6.49-6.59 ($15.40-15.60).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	554.00p	-14.95	651	-22.5
3 months	570.50p	-16.25	677.5p	-22.5
6 months	704.00p	-17.88	—	......
12 months	744.00p	-21.70	—	......

LME—Turnover 129 (139) lots of 10,000 ozs. Morning: Three months 672, 74, 73. Kerb: Three months 674, 75. Afternoon: Three months 675, 78, 77. Kerb: Three months 679, 80, 77.

COCOA

Although lower at the opening, futures rallied following New York market opening at limit up level. However, closing prices in London were only £10 above those of Monday evening. Consumers took more interest and made light purchases of forward positions, while producers continued their policy of scale-up selling, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1060-70	+14	1061-44
Sep	1083-84	+13	1088-62
Dec	1124-25	+9	1152-05
March	1165-68	+11.5	1172-47
May	1186-90	+19.5	1186-71
July	1201-10	+4.5	1204-1195
Sept	1227-30	+5	1233-20

Sales: 4,357 (2,686) lots of 10 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 113 tonnes, bringing the total for the week so far to 223 tonnes. Sporadic offtake occurred without large-scale enterprise being shown by users. Operations centred on African and Middle Eastern qualities with occasional support in North American supplies.

COFFEE

In mixed activity robustas failed to establish a consolidation level, despite opening with marginal gains, reports Drexel Burnham Lambert. Prices fell sharply following an early decline in New York futures, but recovered during a somewhat erratic afternoon session. However, profit-taking and trade selling halted any sharp reversal from the lows.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1404-06	-12.5	1427-1396
Sept	1453-55	-12.0	1474-1440
Nov	1482-85	-20.5	1512-1479
January	1495-98	-15.5	1520-1490
March	1458-55	-21.5	1480-1455
May	1450-80	-0.0	—
July	1425-1500	-17.5	—

Sales: 4,322 (25,020) lots of 100 tonnes.

ICS Indicator prices for July 14 (U.S. cents per pound): Other Mild Arabicas 168.50 (165.17). Robustas ICA 1976 158.00 (155.00). ICA 1968 158.35 (155.25). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 181.83 (179.78).

GRAINS

LONDON GRAIN FUTURES—The market opened 10p higher. Barley saw a very good volume in the nearby options at 15-20p higher, values eased slightly in the afternoon session but closed steady 5-10p higher on the day. After some initial buying support values eased on commercial selling, but lack of buyers caused values to drift lower slightly to close 10-15 down on the day, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	95.96	-0.10	91.80	+0.10
Nov.	98.55	-0.15	90.95	+0.10
Jan.	103.40	-0.15	99.80	+0.10
Mar.	106.90	-0.10	103.10	+0.10
May	110.26	-0.10	106.35	+0.05

Business done—Wheat: Sept. 96.05-95.95, Nov. 99.85-99.50, Jan. 103.75-103.40, March 107.15-107.05, May 110.45-110.25. Barley: Sept. 92.00-91.90, Nov. 95.90-96.05, Jan. 99.80-99.65, March 103.15-103.15, May 106.40-106.25.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent Aug. 102.50, Sept. 104 transhipment East Coast. U.S. Hard Winter 13½ per cent July 96.50 transhipment East Coast. EEC unquoted. English feed fob Sept. 100, Oct. 102.50, Oct.-Dec. 103.50 East Coast. Maize: U.S./French unquoted; French July unquoted, Aug. 123.75 transhipment East Coast. S. African White unquoted; S. African Yellow July-Aug. 80. Barley: English Feed fob Sept. 94.50, Oct. 97.25, Oct.-Dec. 99.50 East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian Feed unquoted.

HGCA—Locational ex-farm spot prices. Feed wheat: S. East 112.00, S. West 123.00, W. Midlands 120.00, N. West 121.00. Feed barley: S. East 87.00, S. West nil, W. Midlands 86.00, N. West 88.80.

RUBBER

The London physical market opened unchanged, with little interest at lower levels, closing quiet. Lewis and Peat reported a Malaysian godown price of 286 (same) cents a kg (buyer, August).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug	57.80-57.80	57.20-57.50	57.50
Sept	58.80-59.00	58.00-58.70	58.60-58.50
Oct-Dec	60.70-60.90	60.40-60.50	60.90-60.60
Jan-Mar	64.10-64.20	63.70-63.90	64.20-63.70
Apr-Jne	67.10-67.20	66.70-66.90	67.20-66.90
Jly-Sept	69.90-69.80	69.20-69.40	69.80
Oct-Dec	72.10-72.20	71.90-71.70	72.20-72.00
Jan-Mar	74.80-74.70	74.20-74.30	74.70-74.50
Apl-June	77.40-77.50	76.90-77.00	77.50

Sales: 253 (316) lots of 15 tonnes, 10 (nil) at 6 tonnes.

Physical closing prices (buyer) were: Spot 56.50p (56.25p); Aug. 61.00p (same); Sept. 61.00p (same).

SOYABEAN MEAL

The London market opened strong on spill-over buying from yesterday, reports T. G. Roddick. Prices advanced steadily to show gains of nearly £5.00 before fresh trade selling entered the market. Further selling from profit-taking on a hint of possible break in U.S. dry weather conditions put some pressure on the market and prices finished with gains of around £2.00.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	118.50-19.0	+1.00	121.00-20.50
October	119.70-19.8	+8.30	122.20-17.20
December	123.80-23.2	+1.95	126.80-22.00
February	126.00-26.2	+1.95	128.50-25.00
April	127.80-28.0	+8.50	129.70-28.00
June	128.00-30.0	+2.50	—
August	128.50-32.5	+2.85	—

Sales: 594 (284) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £274.00 (£262.00) a tonne cif for July-Aug. shipment. White sugar daily price was £312.00 (£305.00).

The market opened around overnight levels and made small gains later. However, New York prices collapsed on commission house selling exposed a lack of buying interest, and London prices rapidly fell some £16, closing around the lows of the day.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	280.00-70.00	275.00-82.00	289.85-77.00
Oct	297.50-98.00	297.75-300.0	312.00-287.8
Jan	304.80-10.00	308.50-12.50	324.50-14.00
Mch	316.50-17.50	319.75-20.25	335.00-15.00
May	315.50-15.75	316.75-17.50	330.00-15.00
Aug	307.50-08.00	309.85-10.00	328.00-08.70
Oct	298.00-305.0	301.90-04.00	316.00-02.00

Sales: 7,409 (5,217) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 281.00, 281.50, 298.00-281.00, 458; Oct. 306.00, 306.50, 323.00-301.50, 1,958. Sales: 2,416 (2,684).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £365.50 (£352.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 14: Daily price 26.35 (23.46): 15-day average 29.24 (29.81).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 472.0, 472.5, 473.5-472.0, 29; Oct. 455.0, 456.0, 456.0-455.d, 23; Dec. 458.0, 459.0, 459.5-458.0, 35; March 465.0, 465.5, 465.5-464.0, 13; May 466.d, 467.0, 466.0-465.0, 5; July 468.0, 470.0, —, nil; Oct. 468.0, 469.0, 468.0-468.0, 5; Dec. 468.0, 470, 470-468.0, 6. Sales: 114.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo Aug. 358, nil, nil; Oct. 359, 365, 354, 1; Dec. 365, 370, nil, nil; Jan. 365, 389, nil, nil; March 369, 374, nil, nil; May 371, 377, nil, nil; Aug. 374, 377, 376, 2; Oct. 375, 380, 377, 2; Dec. 375, 380, nil, nil. Sales: 5.

POTATOES

LONDON POTATO FUTURES—The market fell very sharply to nearly £4 down before attracting buyers in early dealings. However, selling at these levels was thin, and aggressive buyers then pushed prices up to 50 pence down, before sellers again appeared in any strength. After lunch, buyers lowered levels again, and by the close prices were substantially down again, reported Coley and Harper. Closing prices: Nov. 40.50, -220 (high 42.00, low 39.00); Feb. 47.20, -180 (high 48.50, low 45.50); April 54.00, -230 (high 55.50 low 52.70). Turnover 114 lots.

JUTE

JUTE—July c and f Dundee: BWC £210, BWD £180, BTB £252, BTC £218, BTD £189. Antwerp July: BWC $490, BWD $415, BTB $610, BTC $515, BTD $443. Jute goods c and f Dundee July: 40-in 10-oz £12.20, 40-in 7½-oz £9.57. "B" twills £30.52.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 15 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1720/1740	......	$1655/65
Copper			
Cash w'bar	£907.25	-1.25	£835
3 mths	£929.75	-1.5	£855.5
Cash Cathode	£885.5	-0.75	£808
3 mths	£907.5	-1.5	£832
Gold troy oz	$620.5	-24	$595
Lead Cash	£321	-12.75	£310
3 mths	£351.25	-12.5	£318.85
Nickel	£3,848.55	......	£3,246.85
Freemkt (cif) lb	280/310c	......	278/300c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£272.50	-11.85	£270.15
Quicksilver†	$400/410	......	$370/380
Silver troy oz	554.00p	-14.95	683.55p
3 mths	579.50p	-16.25	710.80p
Tin Cash	£7,040	-102.5	£7,285
3 mths	£7,075	-90	£7,610
Tungsten 22.04lb	$145.85	......	$141.73
Wolfrm 22.04 lbs	$140/148	......	$140/144
Zinc cash	£295.5	-4.125	£284
3 months	£306.75	-4.5	£296
Producers	$780	......	$780
Oils			
Coconut (Phil)	$600	+25	$650u
Groundnut	......	......	......
Linseed Crude	......	......	£388
Palm Malayan	$585	+25	$562.50w
Seeds			
Copra Philip	$450	......	$440
Soyabean (U.S.)	$330.25	......	$264.95x
Grains			
Barley Futures	£95.05	+0.10	£95.50
Maize	......	......	......
French No3AM	......	......	......
Wheat			
No.1 Red Spg.	......	......	......
No2HardWint	£01	......	......
Eng. Milling	......	......	......
Other commodities			
Cocoa ship't	£1,125	+13	£1,179
Future Sept.	£1,085.5	+13	£1,125.0
Coffee F't Sept.	£1,454	-12	£1,641
Cotton A, Index	86.55c	+0.20	85.90c
Rubber (kilo)	56.50p	+0.25	60p
Sugar (Raw)	£274	+15	£350
Woolt'ps 64s kl.	280p kilo	......	295p kilo

u July-Aug. s Sept. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

HIDES—Birmingham: Steady. Second clear ox 31-35.5 kg, 32.1p a kg (33p); 26-30.5 kg, 36.4p (36.8p); 22-25.5 kg 36p (37p): Light cows 38.5p (38.5p).

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GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-8.30, codlings £2.40-£4.50; large haddock £3.90-£5.00, medium £3.80-£4.20, small £2.40-£3.00; large plaice £5.80, medium £5.00-£5.70, best small £4.00-£4.70; large skinned dogfish £9.50-£10.00, medium £6.00; large lemon soles £7.00, medium £6.50; saithe £1.60-£2.20.

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MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 63.5 to 67.5; Ulster hindquarters 76.0 to 80.0, forequarters 43.0 to 45.0; Eire hindquarters 74.0 to 78.0, forequarters 42.0 to 44.0. Lamb: English small 59.5 to 64.2, medium 58.5 to 61.6, heavy 56.0 to 59.2; Imported frozen: New Zealand PL 61.5 to 62.0, PM 57.0 to 59.0. Pork: English, under 100 lb 40.0 to 49.8, 100-120 lb 40.0 to 47.0, 120-160 lb 38.5 to 45.8.

MEAT COMMISSION—Average fatstock prices at representative markets on July 15. UK—Sheep, 131.54p kg lw (-2.44). GB—Cattle, 75.25p per kg est dcw (-5.76). GB—Pigs, 66.08p per kg lw (-0.23).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Brazilian: Navels 3.30-4.00; Moroccan: 54/113's 3.60-4.00; Cyprus: Valencia Lates 2.00-3.00; Californian Sunkist: Valencia Lates 72/113's 4.50-5.50; Outspan: Navels 3.50-4.95. Lemons—Italian: 100/150's 4.50-5.00; Spania: Trays 25/45's 1.80-2.40, boxes 4.50-5.20. Grapefruit—Outspan: Marsh Seedless 4.05-4.95, Rose 4.50-5.00. Apples—New Zealand: Red Dougherty 12.00-13.00; Tasmanian: Sturmer Pippins 10.50; S. African: Golden Delicious 11.40-11.80, Granny Smith 11.50-12.00; Dutch: 22 lb Golden Delicious 4.00; French: 40-lb boxes, Golden Delicious 138/198's 9.50-11.00, 20 lb 4.30-5.40; Italian: Jonathans/Romes 40 lb 9.00-9.50. Pears—Spanish: Morettini per pound 0.18-0.20; Victorian: Josephines 12.00, Packhams 11.00; Chilean: Winter Nelis 10.00; Victorian: Winter Nelis 10.00. Peaches—Italian: 1½ trays 1.80-3.50; French: 2.00. Plums—Spanish: Red 1.80-3.00, Gaviota boxes 2.80-3.30, Burbanks 1.80-2.00; Italian: Florentias 20 lb 2.00. Apricots—Spanish: 2.50-3.20; Greek: 4.50. Grapes—Per pound Cyprus: Cardinal 0.50, Perlette 0.65, Sultana 0.80; Portuguese: Cardinal 0.50; Israeli: Perlette per box 5.25. Melons—Israeli: Galia 4.00; Spanish: Marina 5/6's 2.40, Ogen 3.50-4.00, Yellow 10 kg 2.60-3.50. Water-melons—Spanish: 2.80; Italian: 3.30. Bananas—Jamaican: 28 lb per pound 0.17. Tomatoes—Dutch: 3.00-3.10; Guernsey: 2.60-3.20; Jersey: 3.00; French: 2.60. Onions—Spanish: 6.00-6.40; Texas: 7.50; French: 5.00; Moroccan: 6.00. Potatoes—Cyprus: New crop 20 kg 4.00; Jersey: 4.40. Beetroots—Cyprus: New crop, approx. 28 lb 1.20. Cabbages—Dutch: White 2.60-3.20. Courgettes—French: Per pound 0.20. Capsicums—Dutch: 3.60; Italian: 3.00; Spanish: 3.00.

English Produce: Potatoes—Per bag, new 2.20-2.40. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Bramley 0.15-0.24. Strawberries—English per ½ lb 0.20-0.25. Cabbages—Per bag 1.00. Cauliflowers—Per 12's English 2.00-2.20. Peas—Per pound 0.16-0.18. Broad Beans—Per pound 0.09-0.10. Beetroot—Per bag 1.60. Cucumbers—Trays 10/20's 1.30-1.50. Tomatoes—Per 12 lb 2.80-3.00. Lettuce—Per 12 round 0.80, Cos 1.00, Webbs 1.00. Carrots—New crop 28 lb 3.00-3.30. Onions—Per bag 5.50-6.00. Celery—English 12/30's 1.50-1.60. Gooseberries—Per pound 0.15, Levellers 0.25-0.35. Cherries—Per pound 0.60. Marrows—Each 0.25. Capsicums—Per pound 0.30.

AMERICAN MARKETS

NEW YORK, July 15.

THE LIVESTOCK markets did an about-face on profit-taking, with cattle higher and bellies sharply lower. Heavy profit-taking also affected the grains, with closing mixed, and wheat and soyabeans selling off sharply. The biggest pressure had to be absorbed by the precious metals and copper, as the failure to find support led to additional technical selling and losses. Sugar rallied from a major loss to finish with a minor decline. Coffee was unable to rally despite the forecast of frost in Parana. Cocoa rallied moderately on indications of a spreading drought in the Ivory Coast. Cotton finished strong despite heavy profit-taking, reported Heinold.

Copper—July 94.90 (97.15), Aug. 95.40 (97.80), Sept. 96.30, Dec. 97.25, Jan. 97.75, March 98.75, May 99.65, July 100.95, Sept. 102.05, Dec. 103.70, Jan. 103.75, March 105.25, May 106.45. Sales: 4,800.

*Gold—July 608.5 (633.0), Aug. 620.5 (645.5), Sept. 628.5, Oct. 632.9, Dec. 646.5, Feb. 660.4, April 674.8, June 688.8, Aug. 702.5, Oct. 719.7, Dec. 730.9, Feb. 745.1, April 759.4.

Potatoes (round whites)—Nov. 90.0 (92.5), March 111.3 (103.8), April 131.3. Sales: 352.

*Platinum—July 638.0 (663.0), Aug. — (700.0), Sept. —, Oct. 659.5, Jan. 675.0, April 696.0, May —, July 718.0.

§Silver—July 1519.0 (1572.0), Aug. 1541.0 (1591.0), Sept. 1555.0, Dec. 1600.5, Jan. 1616.0, March 1647.0, May 1678.0, July 1709.0, Sept. 1740.0, Dec. 1787.0, Jan. 1802.0, March 1833.0, May 1864.0. Sales: 3,000. Handy and Harman bullion spot: 1577.00 (1552.00).

Sugar—No. 11: Sept. 28.67 (29.28), Oct. 29.13 (29.34), Jan. 30.13, March 31.34, May 31.13, July 30.46, Sept. 29.71, Oct. 29.80. Sales: 16,280.

Tin—760.00-774.00 asked (770.00-780.00).

CHICAGO, July 15.

Lard—Chicago loose 10.50 (10.25). New York prime steam unavailable.

Chicago Imm Gold—July 609.0 (631.0), Sept. 617.6 (643.0), Oct. 624.0, Dec. 624.0, Jan. 638.0, March 647.6, April 653.5, June 663.0.

Live Cattle—Aug. 69.47 (68.75), Oct. 67.05 (66.82), Dec. 67.90, Jan. 69.10, Feb. 69.20, April 70.30, June 71.75.

Live Hogs—July 4.35 (45.20), Aug. 41.50 (42.95), Oct. 40.62, Dec. 44.02, Feb. 46.50, April 46.00, June 48.90, July 49.00, Aug. 48.85.

‡‡Maize—July 316½ (315¼), Sept. 321-317½ (322¼), Dec. 331-329, March 340-339½, May 347-345½, July 347½-348½.

Pork Bellies—July 43.72 (45.02), Aug. 42.60 (44.60), Feb. 58.82, March 58.07, May 59.58, July 59.57, Aug. 58.95.

Silver—July 1510.0 (1567.0), Aug. 1515.0 (1575.0), Sept. 1530.5, Oct. 1546.0, Dec. 1577.0, Feb. 1608.0, April 1640.0, June 1672.0, Aug. 1704.0, Oct. 1739.0, Dec. 1768.0, Feb. 1800.0, April 1832.0, June 1864.0, Aug. —, Oct. 1928.0.

†Soyabeans—July 774 (776½), Aug. 77-775 (781), Sept. 785, Nov. 801-795, Jan. 808-806½, March 810-820, May 824-826, July 825-830.

‖Soyabean Meal—July 211.5 (219.2), Aug. 212.5-211.5 (213.1), Sept. 214.7-213.5, Oct. 217.0-219.0, Dec. 222.0-221.5, Jan. 223.0-224.0, March 227.0-226.5, May 229.0-230.0, July 233.0, Aug. 234.0-234.5.

Soyabean Oil—July 27.10 (28.25), Aug. 27.10-27.15 (27.32), Sept. —, Oct. 27.60, Dec. 27.80-27.85, Jan. 27.80, March 27.90, May 27.80-27.90, July 27.90, Aug. 27.80-28.00.

†Wheat—July 427 (442¾), Sept. 438-437 (453), Dec. 455¾-456½, March 467-469, May 475, July 477½-476.

WINNIPEG, July 15. §Barley—July 147.00 (152.00), Oct. 137.40 (141.10), Dec. 135.50, March 135.20, May 135.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. ¶¶ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 15.

Soyabeans—U.S. Yellow Two Gulfports July $322, Aug. $324.75, Sept. $328, Oct. $334.50, Nov. $334.50, Dec. $339.25, Jan. $343, Feb. $348, March $350, April $351.50, May $354. Argentina Aug. $323.

Soyameal—44 per cent protein, Aug. $260, Sept. $263.50, Nov./March $279.00 sellers. Brazil Pellets July $270, Aug. $275, Sept. $280.

PARIS, July 15.

Cocoa—(FFr per 100 kg): July —, Sept. 1,002-1,025, Dec. 1,041-1,049, March 1,088-1,095, May 1,095, July 1,105.

Sugar—(FFr per 100 kg): Aug. 2,845-2,865, Oct. 2,875-2,880, Nov. 2,940, Dec. 2,970-2,985, March 3,140-3,180, May 3,100, July 3,080, Aug. 3,080.

INDICES

FINANCIAL TIMES

July 14	July 11	M'nth ago	Year ago
276.30	272.20	264.99	265.68

(Base: July 1, 1952=100)

MOODY'S

July 14	July 11	M'nth ago	Year ago
1172.8	1160.5	1144.0	1085.0

(December 31, 1931=100)

DOW JONES

Dow Jones	July 14	July 11	Month ago	Year ago
Spot	420.52	414.28	428.07	407.86
F'tur's	450.42	467.41	442.89	410.86

(Average 1924-25-26=100)

REUTERS

July 15	July 14	M'nth ago	Year ago
1805.8	1676.4	1665.2	1561.5

(Base: September 18, 1931=100)

Sudden upsurge leaves Gilt-edged stocks £1½ higher
Equity index closes 10.1 up and just short of 500

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18

* "New time" dealings may take place from 9 am two business days earlier.

London stock markets surged ahead yesterday, belatedly fulfilling the promise shown late last Friday. Substantial domestic institutional and overseas funds found Government stocks ready to respond sharply and gains late in the evening were stretching to 1½ points. Leading shares were not outdone and bounded forward to leave the FT 30-index 10.1 higher at 499.8, its highest for 13 months.

The Treasury's confidence about money supply being under control ensured Gilt-edged of opening firmness. The appearance of revived foreign buying and later domestic interest culminated with rises of a point awaiting announcement of the June trade returns. These met with approval and the market became extremely active after-hours with the longs extending 3.30 pm gains by a further half-point.

The Government broker's re-activation of the £20-paid medium tap stock, Treasury 12 per cent 1987, at 20¼, a price withdrawn and then established at 20½, furnished evidence of the increased demand directed largely at the mediums and longer maturities. Trade among the shorts was more two-way in view of possible new funding by the authorities, but low-coupon issues made improvements of up to ⅜ ahead of tomorrow's applications for the special tap stock, Exchequer 3 per cent 1983 A.

Leading industrials took heart from Wall Street's overnight advance. Equity dealers encountered sizeable buying orders from the start which suggested that an institutional source was active. As the tone improved, a more general interest was encouraged and the market became increasingly short of stock. During the afternoon, values began to make rapid headway on only a light trade and the movement continued after-hours in recognition of last month's near balance in visible trade.

GEC featured throughout the session and closed with a jump of 24 at 470p. Five other constituents of the FT 30-share index achieved double-figure gains, including **British Petroleum**, **Hawker Siddeley**, **ICI**, **Plessey** and **Thorn-EMI**.

The announcement that **Midland Bank** is to acquire a 51 per cent controlling stake in the Crocker National Corporation of California for £345m prompted immediate weakness in Midland which closed 18 down at 352p, after 348p, on worries that the bank might announce a rights issue to help finance the deal. Other home banks gave ground in sympathy with Lloyds, due to open the interim dividend season on Friday, closing 8 off at 530p. NatWest dipped 5 to 370p and Barclays 4 to 398p. Merchant banks made progress with **Corinthian** notable with a rise of 4 to 30p. **Hambros** put on 7 to 510p and **Hill Samuel** 3 to 138p.

Lloyds brokers stood out in a firm Insurance sector; closing with double-figure rises in places. **Stewart Wrightson** were outstanding at 235p, up 15, while **C. E. Heath** rose 8 to 215p and **Hogg Robinson** put on 6 to 119p. Elsewhere, **Hambro Life** added 11 to 262p, while **Sun Life** improved 9 to 212p and **Phoenix** 8 to 262p.

Breweries trended harder in places, **Bass** improving 2 to 235p and **Greenall Whitley** edging up a penny to 221p. Elsewhere, **Distillers** firmed 3 to 217p awaiting tomorrow's preliminary results.

Leading Buildings moved ahead in late dealings with **Blue Circle** ending 6 to the good at 382p and **BPB** 7 dearer at 234p. Recently dull **Tarmac** hardened a couple of pence to 249p as a line of shares was cleared. **Costain**, 192p, and **Redland**, 173p, both firmed 4, while **Taylor Woodrow** improved 5 to 423p. Timber shares enjoyed a useful two-way business, the excellent annual results and proposed 50 per cent scrip issue leaving **Magnet and Southerns** a penny firmer at 183p, after 185p. **Mallinson-Denny** also added a penny, to 58½p, while the new nil paid shares put on 1½ to 8½p premium. Elsewhere, **H. A. T. Group** shed a penny to 36½p despite a 53 per cent rise in profits, while **Nottingham Brick** lost 10 to 165p on scrappy selling. Fresh speculative support lifted **Burnett and Hallamshire** to 780p, but the close was unchanged at 770p.

ICI, at 380p, recovered 12 of the previous day's fall of 16 as the sales of workers' shares dried up. Among other Chemicals, **Leigh Interests** rose 10 for a two-day gain of 20 to 182p in speculative support, while **Rentokil** added 3 to 151p on buying stimulated by Laporte's offer for Bio-Kil.

Debenhams firm

Leading Stores closed at the day's best. Revived bid hopes helped **Debenhams** put on 4 to 79p, while **Mothercare** advanced 6 to 232p and **House of Fraser** improved 3 more to 135p. **F. W. Woolworth** gained 2½ to 59p and **Marks and Spencer** closed a similar amount dearer at 95p. Elsewhere, hopes of a bid from Owen and Owen helped **Elys (Wimbledon)** rise 8 more to 192p and **Grant Bros.** appreciate 3 to 115p; **Owen Owen** put on 8 to 122p. **Ladies Pride Outerwear** hardened a penny to 41p following the interim results, but **Currys** cheapened that much to 21dp following the Board's bid denial. Further profit-taking clipped 5 more from **Polly Peck**, 108p.

Electricals were a particularly good market with many of the day's gains accentuated by stock shortage. **GEC** featured in the leaders with a rise of 24 to 470p, while **Plessey** were also outstanding at 218p, up 10. **Thorn EMI** improved a similar amount to 322p and **Racal** 6 to 284p. **Farnell** were strong again and put on 17 to 352p, while other noteworthy rises included **United Scientific**, 14 to the good at 293p. **Telephone Rentals** continued to benefit from recent Press mention, improving 7 more to 270p.

Leading Engineers made useful progress. Helped by news of the Government's go-ahead for a £1.3bn conventional arms re-equipment programme, **GKN** firmed 8 to 256p and **Vickers** 3 to 136p. **Hawker** also found support at 234p, up 10, along with **Tubes** which improved 6 to 282p. Elsewhere, further demand lifted **Mining Supplies** 7 to 125p, while revived support left **Victor Products** 5 to the good at 205p. Other firm spots included **Braithwaite**, 7 dearer at 82p and **Tex Abrasives**, 3 up at 46p. In contrast, **Baker Perkins** eased 3 to 78p following the forecast of lower earnings in the first half of current-year trading.

Foods were featured by **British Sugar** which put on 17 to a 1980 peak of 245p on speculative buying in a market none-too-well supplied with stock. Supermarkets had **Associated Dairies** 4 higher at 18p and **J. Sainsbury** 5 up at a 1980 peak of 420p. **Hillards** gained 6 to 138p in a thin market.

Against the firm trend in Hotels and Caterers, **Prince of Wales** proved sensitive to small offerings and shed 8 to 85p.

Having opened higher in sympathy with a firm Wall Street, the miscellaneous industrial leaders made further progress on buying in a market none-too-well supplied with stock. Closing levels were the best of the day with late sentiment given a further boost by the trade returns for June. **BOC International** stood out with a gain of 5 to 83p, while similar improvements were seen in **Pilkington**, 252p, **Unilever**, 512p, and **Beecham**, 153p. **Rank Organisation**, however, eased further to touch 168p before finishing a net 6 down on balance at 174p following comment on the disappointing interim results. Elsewhere, **Central Manufacturing and Trading** dropped 8 to 34p on the Board's dividend and profits warning, while **Wood and Sons** gave up 2½ to 23½p on the annual deficit and final dividend omission. **RTD**, at 11p, lost 3 of the previous day's rise of 7 which followed details of the 5½p cash bid from Mr. Jim Dyer and associates, while **Neil and Spencer** softened 2 to 84p on uninspiring first-half figures. **J. H. Fenner**, on the other hand, gained 6 to 152p in response to Press comment and **National Carbonising** put on 8 to 150p. **Lontrim** found support at 15p, up 5, while **LRC** hardened 2 to 33p on further consideration of the results. **AGB Research** edged forward 2 to 200p: prices in recent issues were in error.

News that **Fodens** had called in a Receiver unsettled fellow heavy commercial manufacturer **ERF**, which shed 5 to 62p. Motor Components traded firmly with **Dowty** adding 8 for a two-day gain of 14 to a 1980 peak of 236p and **Flight Refuelling** rising 4 to 255p. Among Garages, **Pennine** continued to attract speculative support and touched 11¼ before closing ½ higher on balance at 10½p.

News that the Electricity Council pension funds intend to oppose News Corporation's bid for the company clipped a couple of pence from **News International**, 178p. Among other Newspapers, **Liverpool Daily Post** came in for support and rose 4 to 108p, while **United** added 5 to a 1980 peak of 218p.

Properties displayed widespread moderate gains with **Land Securities** hardening a couple of pence to 355p and **MEPC** improving 4 to 220p. **Berkeley Hambro** rose 6 to 218p in the late dealings, while **Haslemere Estates**, annual results tomorrow, firmed 4 to 360p. Among the more speculative issues, **Town and City** added a penny to 22½p and **UK Property** 2 more to 44½p. **Dorrington** revived with a gain of 4 at 98p, while **Trafford Park Estates** put on 5 to 146p and **Marlborough** 2½ to 38p.

Rally in Oils

Oil shares took a distinct turn for the better after the recent sharp setback. Helped largely by technical influences, many of the day's gains were substantial. **Candecca** moved up 19 to 190p and **Carless Capel** 17 to 131p, while **Clyde** rallied 40 to 495p. **Sovereign Oil and Gas** put on 15 to 255p and **Attock** 10 to 244p. Leading issues made progress with **BP**, 358p, and **Shell**, 416p, improving 12 and 18 respectively.

Trusts recorded fairly widespread gains of two or three pence and **Atlantic Assets** closed 4 firmer at 200p following the preliminary figures and proposed scrip issue.

Golds under pressure

Mining markets met a good deal of selling as the bullion price dropped a further $24 to $620.5 an ounce, still reflecting the remarks by the American Treasury Secretary that the U.S. may resume selling gold.

South African Golds encountered heavy sales throughout the day with most of the offerings coming from London operators. A minor rally in the after-hours' business took prices a fraction off the day's lows. Nevertheless, the Gold Mines index dropped 15.3 to 349.9.

Financials were similarly affected. **General Mining Union Corporation (Gencor)** fell 30 to 900p and **GFSA** £1¼ to £34¾.

The London Financials fell heavily at the outset but staged a strong rally during the afternoon in the wake of UK equities. **Charter** dropped to 220p before recovering to close 3 up on balance at 227p, **Gold Fields** dipped to 520p prior to finishing 7 cheaper at 525p and **RTZ** touched 445p before rallying to 451p for a net loss of 3. **Selection Trust** held steady at £12¼ as American buying followed the rise in BP.

Platinums registered substantial losses along with Golds. **Impala** gave up 22 to 262p and **Lydenburg** 8 to 138p.

Australian Golds were also heavily sold throughout the day. **Samantha** lost 16 to 78p, after 76p, **Poseidon** 10 to 194p, **GMK** 11 to 409p and **North Kalgurli** 7 to 79p.

The energy sector was again featured by **Strata Oil** which leapt 20 to a record 144p ahead of the first results from the Woodada No. 2 well which are imminent. **Haoma**, which has a 16.8 per cent holding in Strata, advanced 11 to a peak 197p and **North West Mining**, with 25 per cent of Strata, rose 18 to a high of 176p. **Hampton Trust**, which recently agreed to purchase a 3.5 per cent interest in permit EP-100—in which the Woodada find is located—jumped 8 to a 1980 high of 64p.

Elsewhere, drilling results from its Cornwall prospect lifted **South West Consolidated Minerals** 3 to 47p, after 49p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	58	—	68	5	82	—	355p
BP	330	28	31	46	1	62	5	"
BP	360	6	14	26	34	44	32	"
BP	390	1	4	14	79	31	4	"
BP	420	½	—	6	21	—	—	"
Com. Union	130	33	10	38	—	42	—	162p
Com. Union	160	4	20	14	4	20	2	"
Cons. Gold	460	65	17	95	—	105	—	522p
Cons. Gold	500	25	8	65	—	78	1	"
Cons. Gold	550	5	—	35	2	50	—	"
Cons. Gold	600	1½	—	18	4	28	2	"
Courtaulds	70	14	5	19½	8	22	20	84p
Courtaulds	80	5	4	12½	8	16½	—	"
Courtaulds	90	1	—	7	62	11½	51	"
GEC	360	108	5	120	—	136	—	466p
GEC	390	78	—	92	5	110	—	"
GEC	420	48	3	68	—	84	1	"
GEC	460	11	47	38	88	58	1	"
Grand Met.	120	47	—	48	1	53½	—	166p
Grand Met.	130	37	4	38½	—	43½	6	"
Grand Met.	140	27	2	30	—	36½	10	"
Grand Met.	160	7	8	17½	12	24	10	"
ICI	330	47	25	62	—	70	—	376p
ICI	360	18	1	35	1	50	3	"
ICI	390	1½	3	21	41	32	3	"
ICI	420	½	—	7	20	—	—	"
Land Secs.	253	102	15	—	—	—	—	354p
Land Secs.	323	32	11	55	—	66	—	"
Land Secs.	353	7	20	34	2	46	—	"
Marks & Sp.	70	24	3	—	—	—	—	94p
Shell	390	26	61	48	3	56	—	415p
Shell	420	5	46	—	53	36	—	"
Totals			363	—	434		148	
		August		**November**		**February**		
Imperial Gp.	70	11½	5	13	—	16½	—	80p
Imperial Gp.	80	4	45	6½	—	9½	—	"
Imperial Gp.	90	1	10	3½	5	5	—	"
Lonrho	80	38	10	39	—	42	—	115p
Lonrho	90	28	10	30	—	34	—	"
Lonrho	100	18	2	22	4	26	—	"
Lonrho	110	11	4	17	20	21	1	"
Lonrho	120	5½	6	11	7	16	—	"
P. & O.	100	32	—	35	—	38½	2	129p
P. & O.	120	12½	2	20	—	20½	2	"
P. & O.	130	7	3	12	—	14½	1	"
Racal Elec.	240	45	3	57	—	69	—	283p
Racal Elec.	260	26	20	41	3	54	—	"
Racal Elec.	280	13	22	27	27	42	—	"
RTZ	390	65	—	90	—	110	2	450p
RTZ	420	40	2	65	—	90	—	"
RTZ	460	18	9	40	1	63	—	"
RTZ	500	8	1	21	—	40	—	"
Totals			154		67		8	

FINANCIAL TIMES STOCK INDICES

—	July 15	July 14	July 11	July 10	July 9	July 8	A year ago
Government Secs.	71.07	70.61	70.73	70.71	70.73	70.59	73.03
Fixed Interest	72.24	72.05	71.96	71.82	71.66	71.56	74.25
Industrial	499.8	489.7	403.0	489.4	493.0	492.7	478.0
Gold Mines	349.9	365.2	366.8	361.7	369.2	373.8	171.7
Ord. Div. Yield	7.28	7.46	7.37	7.40	7.36	7.36	6.60
Earnings, Yld. %(full)	17.65	18.07	17.89	18.00	17.90	17.91	16.63
P/E Ratio (net) (*)	6.85	6.68	8.78	6.74	6.77	6.77	7.56
Total bargains	88,358	26,178	27,636	25,425	86,888	30,567	—
Equity turnover £m.	—	114.36	150.71	187.71	130.99	211.34	76.27
Equity bargains total	—	21,594	20,883	21,184	20,100	24,829	18,478

10 am 492.9. 11 am 492.7. Noon 493.9. 1 pm 496.4. 2 pm 496.7. 3 pm 497.2.

Latest Index 01-246 8026.

*Nil=6.39.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	71.07 (15/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.24 (15/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	498.8 (15/7)	406.9 (5/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.6 (18/6)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 15	July 14
—Daily		
Gilt Edged	130.1	114.2
Industrials	126.1	129.9
Speculative	44.5	49.7
Totals	87.0	87.2
—5-day Avge.		
Gilt Edged	117.3	[illegible]
Industrials	131.8	[illegible]
Speculative	46.6	[illegible]
Totals	90.4	[illegible]

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (171)

BRITISH FUNDS (47)

LOANS (2)

AMERICANS (7)

BUILDINGS (10)

CHEMICALS (5)

DRAPERY & STORES (7)

ELECTRICALS (9)

ENGINEERING (9)

FOODS (4)

INDUSTRIALS (19)

INSURANCE (10)

MOTORS (1)

NEWSPAPERS (2)

PROPERTY (10)

SHIPPING (1)

TEXTILES (1)

TRUSTS (10)

OILS (8)

OVERSEAS TRADERS (2)

MINES (2)

NEW LOWS (12)

BUILDINGS (1)

Heywood Williams

CHEMICALS (1)

Anchor Chem.

STORES (1)

Northern Goldsmith

ELECTRICALS (1)

Concord Rotaflex

ENGINEERING (1)

Beauford

INDUSTRIALS (3)

Black (P.) · Central Mfnt. · Chamberlin Phipps

NEWSPAPERS (1)

Int. Thomson

MINES (1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., July 15, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., July 14 Index No.	Fri., July 11 Index No.	Thurs., July 10 Index No.	Wed., July 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	278.21	+2.2	16.61	5.89	7.30	272.15	271.55	272.64	272.65	242.90
2	Building Materials (26)	260.78	+1.3	17.39	6.41	6.76	257.37	257.77	258.49	259.11	224.50
3	Contracting, Construction (27)	409.26	+0.9	22.55	5.98	5.29	405.51	406.64	403.68	399.02	353.18
4	Electricals (16)	790.14	+4.0	12.51	3.30	9.91	759.50	757.95	752.50	754.53	539.83
5	Engineering Contractors (11)	329.20	−0.2	20.63	7.87	6.08	329.94	327.21	328.93	325.24	301.02
6	Mechanical Engineering (74)	182.94	+1.4	17.40	7.21	7.04	180.45	179.50	180.17	179.47	179.76
8	Metals and Metal Forming (16)	170.93	+1.7	21.15	9.93	5.67	168.11	169.32	170.81	171.52	166.24
	CONSUMER GOODS										
11	(DURABLE) (49)	233.26	+1.5	14.25	5.60	8.49	229.82	229.30	228.73	228.28	228.57
12	Lt. Electronics, Radio, TV (14)	348.86	+1.9	11.11	4.04	11.14	342.23	340.13	338.92	337.24	315.35
13	Household Goods (14)	103.23	+0.8	23.47	10.24	5.38	102.39	101.81	102.16	102.94	156.68
14	Motors and Distributors (21)	101.96	+0.3	22.49	9.64	5.14	101.69	102.99	102.81	103.34	114.42
	CONSUMER GOODS										
21	(NON DURABLES) (172)	238.28	+0.8	17.27	6.75	6.99	236.29	237.02	237.78	239.54	235.41
22	Breweries (14)	302.27	+0.4	14.97	6.09	7.80	300.93	304.43	304.29	305.09	275.28
23	Wines and Spirits (5)	320.98	+1.2	16.97	5.82	7.26	317.33	317.73	320.09	321.58	310.64
24	Entertainment, Catering (17)	347.73	+1.6	16.60	6.43	7.47	342.30	342.90	345.93	349.24	311.20
25	Food Manufacturers (21)	218.18	+0.7	18.42	6.83	6.39	216.66	214.77	215.36	216.86	205.77
26	Food Retailing (13)	333.01	+1.1	12.64	4.75	9.44	329.50	323.15	330.09	333.69	302.81
32	Newspapers, Publishing (13)	442.03	+0.3	21.59	6.62	6.25	440.97	445.54	452.81	449.87	410.24
33	Packaging and Paper (15)	138.33	+0.3	25.83	9.46	4.50	137.85	138.11	136.32	137.51	122.70
34	Stores (42)	226.91	+1.2	13.54	5.43	9.52	224.17	225.75	225.30	225.97	243.17
35	Textiles (24)	140.49	—	23.25	11.06	5.24	140.52	139.80	140.24	140.15	159.82
36	Tobaccos (3)	223.90	+0.2	25.63	10.60	4.44	223.41	226.57	229.25	239.05	240.41
37	Toys and Games (5)	27.98	+0.5	43.45	13.62	2.67	27.84	27.15	27.30	27.38	69.02
41	OTHER GROUPS (99)	227.14	+1.5	16.23	6.70	7.31	223.83	226.05	227.02	227.29	201.42
42	Chemicals (16)	322.47	+2.8	19.24	7.47	5.96	313.64	322.63	322.23	322.77	279.46
43	Pharmaceutical Products (7)	233.73	+2.1	10.83	5.92	11.42	228.88	232.44	229.87	231.05	228.10
44	Office Equipment (6)	105.99	−1.7	19.11	7.83	6.11	107.80	112.19	113.16	114.08	120.26
45	Shipping (10)	597.57	+0.4	12.85	5.91	9.49	595.07	590.53	580.34	581.63	470.40
46	Miscellaneous (60)	277.67	+0.7	16.35	6.56	7.49	275.82	275.56	277.13	277.71	240.52
49	INDUSTRIAL GROUP (492)	252.92	+1.4	16.65	6.44	7.24	249.41	250.46	250.96	251.54	235.79
51	Oils (8)	807.34	+2.9	28.60	6.38	3.86	784.74	790.93	797.03	807.71	677.03
59	500 SHARE INDEX	296.87	+1.7	19.09	6.43	6.14	291.89	293.34	294.26	293.61	271.18
61	FINANCIAL GROUP (118)	230.12	+0.6	—	5.46	—	228.76	228.24	228.78	228.35	193.81
62	Banks (6)	236.39	−2.0	41.27	6.88	2.97	241.25	240.21	239.84	238.47	245.34
63	Discount Houses (10)	269.06	−0.2	—	6.59	—	269.54	270.62	270.47	270.57	258.31
64	Hire Purchase (5)	240.91	+1.1	12.97	4.15	10.01	238.39	238.17	238.49	238.76	165.45
65	Insurance (Life) (10)	229.21	+2.4	—	5.56	—	223.84	222.64	223.17	225.45	154.30
66	Insurance (Composite) (9)	155.44	+1.8	—	6.92	—	152.76	152.78	153.27	153.92	123.40
67	Insurance Brokers (9)	346.64	+3.6	13.40	6.60	10.25	334.46	331.91	334.70	353.65	246.45
68	Merchant Banks (13)	132.74	+1.0	—	5.08	—	131.41	131.61	133.62	132.45	97.78
69	Property (45)	428.78	+0.7	3.23	2.70	43.00	425.64	425.20	426.13	422.97	355.57
70	Miscellaneous (11)	139.42	+0.2	15.76	6.26	8.06	139.13	139.80	139.72	138.83	122.93
71	Investment Trusts (109)	258.35	+0.4	—	5.41	—	257.26	258.50	261.12	261.33	205.93
81	Mining Finance (4)	239.42	−0.6	11.27	4.12	10.70	240.81	244.34	244.69	243.03	117.37
91	Overseas Traders (19)	406.52	−0.1	12.05	6.89	10.59	407.06	404.80	405.24	406.36	331.53
99	ALL-SHARE INDEX (750)	282.71	+1.3	—	6.13	—	279.06	280.09	281.01	281.98	248.21

FIXED INTEREST PRICE INDICES

	British Government	Tues., July 15	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.41	+0.27	0.09	5.67
2	5-15 years	114.21	+0.85	0.21	6.99
3	Over 15 years	119.58	+0.94	0.22	7.61
4	Irredeemables	132.63	+0.68	—	7.24
5	All stocks	113.03	+0.69	0.17	6.68

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Tues., July 15	Mon., July 14	Year ago (approx.)
1	Low Coupons	5 years	11.41	11.51	10.21
2		15 years	11.37	11.46	10.62
3		25 years	11.37	11.46	11.14
4	Medium Coupons	5 years	12.89	13.00	12.23
5		15 years	12.81	12.95	12.23
6		25 years	12.74	12.88	12.18
7	High Coupons	5 years	12.97	13.10	12.44
8		15 years	13.19	13.32	12.55
9		25 years	13.10	13.22	12.52
10	Irredeemables		13.08	11.15	10.61

		Tues., July 15 Index No.	Tues., July 15 Yield %	Mon. July 14	Fri. July 11	Thurs. July 10	Wed. July 9	Tues. July 8	Mon. July 7	Friday July 4	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.85	†15.77	53.80	53.63	53.59	53.35	53.35	53.19	53.08	57.36
16	Investment Trust Prefs. (15)	49.71	13.65	49.71	49.71	49.97	49.97	49.87	49.97	49.97	52.16
17	Coml. and Indl. Prefs. (20)	65.30	13.75	65.25	65.25	65.06	64.67	64.61	64.50	64.42	69.81

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
ICI	£1	13	380	+12	402	348
LASMO	25p	11	743	+ 8	830	337
GKN	£1	7	256	+ 8	279	228
Premier Cons.	5p	7	91	− 1	109	39½
Rank Org.	25p	7	174	− 6	228	168
Ultramar	25p	7	346	+14	384	206
Western Holdings	R0.50	7	£30½	− 1½	£31½	£22½
BP	25p	6	358	+12	412	320
Charter Cons.	2p	6	227	+ 3	234	134
GEC	25p	6	470	+24	470	326
Grand Met.	50p	6	166	+ 3	166	120
NatWest Bank	£1	6	370	− 5	380	305
RTZ	25p	6	451	− 3	485	327
Royal Insurance	25p	6	395	+ 7	397	307
Thorn EMI	25p	6	322	+10	328	260

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 7	Jul. 18	Oct. 9	Oct. 20
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17

For rate indications see end of Share Information Service

Money was given for the call of Premier Consolidated, Aran Energy, Hampton Trust, Candecca, Hambro Life, Negretti and Zambra, North Sea Assets, First National Finance, Ibstock Johnsen, Charterhall, Aaronson, Otter Exploration, Lonrho, Town and City, Ladbroke Warrants, Carless Capel, Highland Distillers, Carrington Viyella, Sovereign Oil and Gas and ICI. Puts were arranged in Premier Consolidated, Charterhall, Lonrho, Boots, British Home Stores and GKN, while double options were transacted in First National Finance and GEC.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
138	F.P.	—	100	85	Energy Capital 10p	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
55	F.P.	20/6	90	79	Home Farm Prods 10p	90	[illegible]	b0.9	2.6	4.6	12.3
—	F.P.	—	74	62	Norton & Wright 5p	74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
185	F.P.	27/6	115	94	Oakwood Group	80	[illegible]	b0.8	[illegible]	[illegible]	[illegible]
100	F.P.	27/6	92	90	Pipeline	92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
180	F.P.	—	118	108	R.P. Mineral 10p	116	[illegible]	b3.6	2.6	4.9	9.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	Nil	23/7	14pm	9pm	British Home Stores 9½% Cnv. Ln. '92	12pm	+1½
100	F.P.	22/8	98	98	Cowie (T.) 10½% Conv. Red. Cum. Pref.	98	[illegible]
100	F.P.	—	99	99	Dobie 8½% Conv. Bds. (to 1986)	99	[illegible]
[illegible]	F.P.	4/9	103	101	Folkestone & District Water 10pc Pref '85	103	[illegible]
100	F.P.	4/9	101	101	North Surrey Water 10pc Pref. 1985	101	[illegible]
[illegible]	F.P.	—	101	100	Outwich 10% Pref.	101	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	South Staff. Water 10% Rd. Pf. '86	[illegible]	[illegible]
[illegible]	288	—	[illegible]	[illegible]	Sunderland & S.Shields Wtr 9% Rd.Prf.1985	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
65	Nil	—	30pm	25pm	Anderson Strathclyde	30pm	[illegible]
105	F.P.	14/7	155	137	Astbury & Madeley	153	[illegible]
132	Nil	23/7	50pm	14pm	Beresford (S.) & W.	28pm	[illegible]
115	F.P.	4/7	135	124	Brown & Jackson	125	[illegible]
100	F.P.	3/7	16	152	Carless Capel	131	[illegible]
55	Nil	15/8	23pm	10pm	Cawoods	10pm	[illegible]
34	Nil	29/7	18pm	16pm	Clive Discount	16pm	[illegible]
92	Nil	30/7	12pm	42pm	Coalite	35pm	[illegible]
50	Nil	8/8	25pm	25pm	Crest Nicholson	23pm	[illegible]
620	F.P.	15/7	682½	645	Harrison & Crosfield	676	[illegible]
76	Nil	30/7	20pm	11pm	Hazlewood Foods	19pm	[illegible]
263	F.P.	11/7	358	307	Land Securities	355	[illegible]
126	Nil	—	8	165pm	Lloyds & Scottish	165pm	[illegible]
52	Nil	28/7	28/8	6½pm	Mallinson-Denny	8½pm	[illegible]
60cts	[illegible]	—	[illegible]	435pm	Panconti-nental	435pm	[illegible]
98	F.P.	20/6	18/7	152	Silvermines	147	[illegible]
12½	Nil	31/7	28/8	1pm	Thurgar Bardex	1pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. ‡ Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Mngmnt. (Jersey) Ltd.

RBC Investment Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Vanbrugh Managers Int. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd. (a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd. (a)(z)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Carr, Sebag Unit Trust Managers (a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(x)

Hill Samuel Unit Tst. Mgrs. (a)

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd. (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Sabre Fund Management Ltd.

Save & Prosper Group

For Schlesinger Trust see Britannia/Schlesinger

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Beads

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

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Frankfurt Trust Investment-GmbH

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G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (C.I.) Ltd.

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
90½	82¾	Aust. 5½pc '81-82	90	......	6.22	13.27
83½	72½	Do. 6pc 1981-83	82½	......	7.34	12.80
64¾	56	N.Z. 7½pc 1988-92	64¾	......	11.25	15.24
79	72	Do. 7½pc '83-86	79	......	9.57	12.81
[illegible]	88	Sth. Africa 9½pc '79-81	95¾	......	10.13	14.52
160	107	Sth. Rhod. 2½pc '65-70	155	......	—	—
169	133	Do. 6pc '78-81	167	......	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

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هكذا من الأصل

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INSURANCE—Continued

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TOBACCOS

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RUBBERS AND SISALS

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TEAS

India and Bangladesh

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Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]	[illegible]	Anglo-Dominion	[illegible]				
97	52	Barymin	56	−1	—	—	—
17	12	Burma Mines 10p	14½	......	0.62	1.1	6.2
502	308	Cons. Murch. 10c.	310	−20	M0100c	1.8	18.5
180	106	††Nemerdon 10c.	106	......	—	—	—
585	325	Northgate C$1	400	......	—	—	—
485	327	R.T.Z.	451	−3	15.0	3.2	4.8
33	16	Robert Mines	27	......	—	—	—
58	26	Sabina Inds. C$1	30	......	—	—	—
51	43	††SWCM 10p	47	+3	—	—	—
650	411	Tara Exptn. $1	437	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≉ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	32	......	**IRISH**		
Bertam	16	......	Conv. 9% '80/82	£91⅞	......
Bdg'wtr. Est. 50p	435	+5	Nat. 9¼% 84/89	£80½	+⅜
Clover Croft	60	......	Fin. 13% 97/02	£94⅝	......
Craig & Rose £1	£180½	......	Alliance Gas	48	......
File Forge	32½	......	Arnott	187½xc	......
Finlay Pkg. 5p	10	......	Carroll (P.J.)	60	......
Graig Ship. £1	£15	......	Clondalkin	125	+5
Higsons Brew	77	......	Concrete Prods.	70	......
Holt (Jos) 25p	250	......	Heiton (Hldgs.)	32	......
I.O.M. Stm. £1	192	......	Ins. Corp.	250	+4
Pearce (C. H.)	455	......	Irish Ropes	45	......
Peel Mills	44	......	Jacob	32	......
Sheff. Refrshmt	102½	......	T.M.G.	87	......
Sindall (Wm.)	143	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lots"	3½	MEPC	17
Bowaters	25	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	3	N.E.I.	5		
Debenhams	8	Nat. West. Bank	27	Brit. Petroleum	32
Distillers	17	P & O Dfd.	10	Burmah Oil	20
Dunlop	7½	Plessey	14	Charterhall	10
Eagle Star	15	Racal Elect.	22	KCA	11
F.N.F.C.	2¾	R.H.M.	4½	Premier	15
Gen. Accident	21	Rank Org.	15	Shell	35
Gen. Electric	30	Reed Intnl.	16	Tricentrol	40
Glaxo	16	Sears	5	Ultramar	35
Grand Met.	12	Tesco	6		
G.U.S. 'A'	34	Thorn	23	**Mines**	
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	40
Hawker Sidd	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES
Wednesday July 16 1980

U.S. 'ready for arms talks'

BY JOHN WYLES IN BRUSSELS

A NEW ROUND or arms controls talks between the U.S. and the Soviet Union appears in prospect after exchanges stemming from the recent visit to Moscow of Chancellor Helmut Schmidt of Wset Germany.

Mr. Warren Christopher, the U.S. Deputy Secretary of State, announced in Brussels yesterday that the Carter Administration would promptly begin "the great deal of homework" necessary to prepare for the start of such talks "as soon as is feasible."

Mr. Christopher's declaration folowed his report to the NATO Council on discusions be bad had in Washington last Thursday with Mr. Anatoli Dobrynin, the Soviet Ambassador. These apparently clarified to U.S. satisfaction the proposal for fresh arms controls talks first outlined to Herr Schmidt by President Brezhnev on July 1.

As a result, Mr. Christopher said, the U.S. now believed that Russia was ready to begin talks on controlling "theatre nuclear forces"—the European-based nuclear missiles under U.S. and Soviet control.

He said that the Soviet position had changed in two aspects. Moscow no longer demanded U.S. ratification of the SALT II treaty as a pre-condition for the talks, but would insist on this before a new agreement was implemented.

Secondly, Russia bad dropped her insistence that the U.S. and NATO rescind their decision of December 12 to introduce a new generation of tactical nuclear weapons for deployment in Europe by the end of 1983.

Possible limitations of these 572 missiles and of their Russian counterpart, the SS20, will be the main focus of the preliminary U.S.-Soviet talks, time and place of which have yet to be decided.

A commentary in Pravda yesterday indicated that Moscow was still seriously concerned by the NATO decision on these missilea, as well as by the threat posed by the so-called forward-based systems of the U.S., the nuclear weapons aircraft in Europe, and submarinea lying off Enrope.

America's NATO allies, who were promised close consultations yesterday on the new negotiations, will warmly welcome the news.

Sharp divisions have emerged in some West European countries over siting of the new generation of U.S. missiles, and the Belgian and Dutch Governments, under strong domestic pressure, have been unable to signal their acceptance of the principle of basing the new weapons on their territories.

West Germany, Italy and Britain have given their agreement, and Mr. Christopher stressed yesterday that the deployment plan adopted last December must go ahead as arranged if the forthcoming talks were to bave a chance of success.

Big rise in Honda sales and earnings

By Charles Smith, Far East Editor, in Tokyo

HONDA MOTOR Company has reported a twelve-fold increase in consolidated net income for the first three months of its fiscal year, and a 43 per cent increase in sales.

Consolidated income for the three months to May 31 reached \$116.4m against \$9.6m in the same three months of 1979-80. Sales reached \$1.96bn compared with \$1.38bn previously.

Honda attributes its sales rise mainly to sharply increased sales in overseas markets—particularly cars in markets other than the U.S.

The profit increase is attributed to the weakening of the yen which sharply reduced the cost of sales in relation to overseas sales revenue, and inflated the value of income earned by the company's overseas subsidiaries when translated into yen.

Honda points out that in 1979-80, currency translation produced the opposite effect.

Honda's car division increased sales by 37 per cent to \$1.13bn in the first quarter. In unit terms this reflects sales of 67,000 cars in Japan (up 21 per cent) and 164,000 cars (up 25 per cent) overseas.

BBC cancels Proms' first night

BY NICK GARNETT, LABOUR STAFF

THE BBC last night cancelled the first night of the Promenade concerts this Friday—for the first time in their 85-year history—because of the strike by members of the Musicians' Union.

The corporation, which has organised and financed the Proms for the past 53 years, will make further daily announcements of cancellations of succeeding concerts as the strike continues.

Sir Ian Trethowan, the *director-general of the BBC, said* in a statement that without a settlement these Promenade concerts were "equally at risk."

Since the Proms began as a popular concert series no complete season has ever been lost, even during the Second World War.

The Musicians' Union is in dispute over the corporation's intention to disband five of its orchestras.

Sir Ian said it would still be possible to save most of the Proms if there was a settlement of the dispute. This year's series of concerts were due to run until September 13.

The *union, however,* reaffirmed its total opposition to the compromise proposals put forward by the corporation at the weekend. The BBC says these would save 42 of the 130 jobs lost as a result of the cut backs which have been introduced as part of its £130m economy drive.

The union said ticket sales for its alternative concert at the Wembley conference centre on Friday were selling well. If this is successful, the musicians plan a further 18 concerts at the centre, organised by the musicians and funded by the union.

Mr. Stan Hibbert, the union's deputy general secretary, said yesterday that *any* BBC offer short of full reinstatement of all five orchestras would have to be put out to a ballot of members before a settlement. A ballot could take two weeks.

He also said that members of the BBC Symphony Orchestra—due to perform at 19 of the 57 scheduled Promenade concerts—had informed the union that they intended to take their main holiday as soon as the strike ended.

Sir Ian, referring to the cancellation of the first night, said the BBC was very sad "for the 6,000 people who would have been in the Albert Hall and for the millions more who would have heard the opening concert on radio in this country and abroad."

THE LEX COLUMN

Midland back at the altar

Midland's Bank's strategic determination to buy its way into U.S. banking and indeed into other international operations haa dominated its management thinking for several years now. So yesterday's statement is in one sense entirely expected; yet it is clear that Midland haa had to be opportunistic to the extent that its new chosen partner is very different in character from Heller, which it backed away from buying last year, and is also very much bigger. Indeed, it looks as though Crocker National is a rather bigger mouthful than Midland would ideally have liked, and it is having to digest it slice by slice.

But a controlling holding in a major bank like Crocker may give Midland more scope in North America than full ownership of a smaller concern. At the same time, California — a popular hunting ground for acquisitive British banks—gives Midland a potential way into the Pacific Basin, as well as into Latin America, where Crocker is well-eatablished.

The initial financing of the \$820m Crocker deal requires just under \$600m (the rest will be injected over three years, taking Midland'a stake from 51 per cent to over 57 per cent). And the group, in an entirely separate transaction, also haa to find nearly £50m to buy a controlling interest in the German private bank Trinkaus und Burkhardt. Midland raised £145m last winter by selling its holdings in Standard Chartered Bank and Sedgwick Forbes Bland Payne, and it has borrowed \$275m in subordinated eurodollar debt since December.

Although finance does not present serious difficulties, there will, however, be pressure on Midland's balance sheet ratios. In terms of the free capital ratio Midland has for some time been above the clearing bank average, but *its* free equity ratio—just over 3 per cent in the December balance sheet—is more or less in line with the others. The simultaneous consolidation of

Index rose 10.1 to 499.8

Crocker and Trinkaus seems likely to lower this figure to little more than 2 per cent. Midland can quite happily live with this. But if the acquisitions turn out to require further capital (if Midland decides to *buy out the* Crocker minority, for instance) the debt/equity ratio, now around 35 per cent, may drift uncomfortably high, especially if the pace of retained earnings from the UK banking business begins to slow.

So although a rights issue is not immediately necessary—and Midland will be anxious to avoid one, having had two in recent memory—it may become so in the medium term. It was this fear, rather than the expectation that Crocker might dilute earnings through failing to cover its financing costs, that sent the Midland shares down 18p to 352p yesterday. If Midland is to avoid asking its shareholders for cash, it will have to lay emphasis on retaining rather than distributing profits for the next few years; the historic yield, at 8.1 per cent, is easily the highest of the Big Four.

Vickers' bid

Rea Brothers is not one of the City's most forthcoming institutions, and it is true to form in its attempt to stop the Vickers bid for Rolls-Royce Motors. Tiresome details such as how many Vickers' shares it influences — if any — are left to the imagination. However, its move, which is supported by stockbrokers L. Messel, has to be taken seriously if only *because there are two major* questions about the bid which Vickers has not properly answered.

The first is whether this is the right moment for Vickers to issue over 29m new shares, increasing its equity capital by two-thirds in the process. Its shares currently stand at a depressed 136p, which is more than 60 per cent below their net asset value, and they yield around 12½ per cent on the basis of the dividend promised for this year. Yet it has now cleared out its major trouble spots, and once it gets paid for its nationalised assets the balance sheet will look very sound. It has large investment in Australia, and in property which should start to produce much improved returns over the next few years. Under strong management, the impression is that Vickers as it currently stands could be made to be worth a lot more than the present share price.

The second question is whether Rolls is the ideal marriage partner for a group which is seeking to replace its nationalised businesses. In the short term, Rolls is approaching a crucial test — the launch of a new model — in unfavourable economic circumstances. Over the long term, the growth prospects for expensive motor cars are not crystal clear.

Vickers shareholders have to make up their mind within a fortnight. Many of them may be tempted to support any concerted opposition to the merger.

Nearly 500

After a quiet few days the stock market moved back into its stride yesterday. Encouraged early on by the overnight strength on Wall Street, and boosted late by some solid trade figures, the equity market advanced to a new peak for the year. The F.T. 30-Share Index almost reached the 500 level and the All-Share Index is now within ½ per cent of its all-time high.

But while there was some ... in equities, the real money ... usual was going into gilt-edged. The medium tap Exchequer ... per cent 1987 was supplied ... two prices, and there was ... of it being sold out today. The last long-tap Treasury 13 per cent 2000 is now trading at a premium of around 4½ points and it is beginning to be ... to find yields of much over ... per cent.

Opposition to Vickers' bid for Rolls-Royce

By Hazel Duffy, Industrial Correspondent

AN ATTEMPT to rally opposition to Vickers' bid for Rolls-Royce Motors is being made by Rea Brothers, merchant bankers, on the *grounds that it represents a* poor deal for Vickers.

Mr. Walter Salomon, the chairman of Rea Brothers, has the support of leading City stockbrokers Messels in his campaign. He says he will be contacting the big investment institutions in his efforts to prevent the bid going through.

Morgan Grenfell, advisers to Vickers, said yesterday it is taking Mr. Salomon's comments "seriously." But it added that, from discussions with the institutions, the deal was likely to win the necessary support.

When the unexpected bid was announced nearly three weeks ago, it met with largely critical comment in the City and the Press. But Rea Brothers' objections, "on behalf of a number of clients who are big shareholders in Vickers," says Mr. Salomon, are the first to be expressed publicly on behalf of shareholders.

Mr. Salomon lists a number of objections, the most important being that it is difficult to understand how terms for any kind of merger could be agreed before the question of compensation on the nationalisation of Vickers' assets had been agreed with the Government.

Also cited were the dilution of Vickers' net tangible assets if the merger goes ahead from £3.41 per share at present to £2.91 per share after Rolls-Royce has been absorbed; the rather poor prospects for Rolls-Royce products in the present economic climate; and the fact that Rolls-Royce is over-geared

W. German payments deficit may soar to DM 25bn this year

BY KEVIN DONE IN FRANKFURT

THE DEFICIT on West Germany's balance of payments current account could rise to DM 25bn this year, two-and-a-half times as high as in 1979, according to the latest report of the Bundesbank, the West German central bank.

The Bundesbank's latest estimate is the most pessimistic published this year. Its previous forecast put the deficit at around DM 20bn.

Last year the country plunged into a deficit of nearly DM 10bn, the first time the current account had not been in surplus since 1965.

A study by the Bundesbank, published today, of the effects of the oil price rises on the balance of payments shows that the Federal Republic has been hit much harder by the 1979-80 oil crisis than it waa by the 1973-74 increases. This time, a variety of economic circumstances ensure that the deficit will only slowly be reduced.

Whereas the cost of West Germany's oil imports—crude and oil products—rose by almost DM 22bn in 1972-74, it jumped by around DM 33bn in 1978-80. The country's oil bill is likely to total DM 65bn this year, compared with DM 32bn in 1978.

As a share of the West German gross national product (GNP) the increase in oil imports in each three-year period was equivalent to about 2 per cent of GNP. In 1972-74 the cost of oil imports rose from the equivalent of 1.25 per cent to 3.25 per cent of GNP.

West German oil *imports are* now equal to 4.5 per cent of GNP, compared with 2.5 per cent in 1978.

This added burden on the balance of payments can only be met by increased exports, a run-down of currency reserves, the taking up of foreign loans or by greater overseas investment in German industry, says the Bundesbank starkly.

It accepts that over a long period the strength of the Deutsche mark has helped to shield West Germany from the worst effects of earlier oil price rises. The price of crude oil on the world market has increased more than ten-fold—from nearly \$3 a barrel at the beginning of 1973 to \$32 in May, 1980. But in the same period the price of oil imports into West Germany, reckoned in Deutsche marks, has risen only six-fold, because the value of the U.S. dollar has almost halved from DM 3.20 to DM 1.79.

This time, however, the Federal Republic has been particularly hard hit because of the structure of its oil imports, which include a high proportion of expensive light oil products such as petrol aod heating oil. Some other industrial countries, such as France, Italy and Holland, are actually net exporters of oil products.

In addition the Deutsche mark has, over the last 18 months, performed less well against the dollar than other currencies have.

The oil price rises have had a heavier impact on West Germany than on any other industrial economies, except Japan's, says the Bundesbank.

The Federal Republic alone will carry about a quarter of the additional current account deficit of the Western economies this year.

As the Bundesbank points out, the country today faces different economic conditions from those in 1973-74.

Receivers struggle to save Fodens

By John Griffiths

RECEIVERS appointed yesterday to Fodens, the Cheshire-based heavy truck manufacturer, said last night they will seek to maintain operations in the hope of attracting a buyer.

Within hours of the receivers being named—they are Sir Kenneth Cork of Cork Gully, and Mr. Philip Livesey of Coopers Lybrand — one declared potential buyer had appeared on the scene.

Mr. Roy Richardson, head of a Midlands group which claims to include Fodens' biggest Midlands distributorship among its interests, said he planned to arrange a meeting with the receivers with a view to buying the Fodens assets and continuing production with a smaller workforce.

Reprieve for Foden workers, Page 10

Continued from Page 1

Trade surplus

Whitehall officials admit that the official projection of a £2.75bn deficit for the whole year now looks much too pessimistic.

Britain's trade in oil registered a deficit of £107m in the first half, against £315m in the previous six months. But oil trade was in surplus to the tune of £19m in the last three months—the first calendar quarter in which this has occurred.

The volume of oil exported in the last three months was nearly 14 per cent lower than in the same 1979 period. But the value waa up 60 per cent thanks to the oil price having more than doubled during the period.

The underlying improvement in Britain's external payments was masked earlier this year by abnormal influences.

The first quarter steel strike and the surge in silver imports into Britain during the price fluctuations on world silver markets a few months ago are estimated to have *added about* £750m to the trade deficit in the first six months of the year.

Part of the silver influx may be reversed in future months if international operators shift their stocks out of Britain.

One of the main reasons for the payments improvement has been a 2.2 per cent drop in import volume between the second half of last year and the first half of 1980, reflecting a recession-induced drop in demand.

Imports of food, chemicals, basic materials fuels and manufactures all fell in the past three months, with car imports down 20 per cent compared with the first quarter.

First half export volume in world markets rose by 0.5 per cent compared with the final six months last year, with sales falling to industrialised nations but rising to the developing world.

Weather

UK TODAY

COOL, scattered showers in east, sunny intervals in west.

S.W. England, S. Wales

Mostly dry, sunny intervals. Max. 18C (64F).

Elsewhere

Scattered showers, sunny intervals. Max. 18C (64F).

Outlook: Cool and dry, rain spreading from west.

Long-range forecast

Unsettled and sometimes wet for the next week and again towards mid-August but with a spell of warm dry weather in between. Temperatures higher than of late but still below average. Above average rainfall in the south.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	Locarno	R	17	63
Algiers	S	31	88	London	C	16	61
Amsdm.	F	16	61	Luxmbg.	R	15	59
Athens	S	34	93	Luxor	S	39	102
Bahrain	S	43	109	Madrid	F	31	88
Barclna.	S	24	75	Majorca	S	26	79
Beirut	S	29	84	Malaga	S	26	79
Belfast	C	15	59	Malta	S	25	77
Belgrd.	S	28	82	M'chstr.	C	14	57
Berlin	F	22	72	Melbne.	C	25	78
Biarritz	C	20	68	Milan	C	21	70
Bmghm.	C	14	57	M'ntreal	R	20	68
Blackp'l	F	15	59	Moscow	R	16	61
Bordx.	R	18	64	Munich	C	17	63
Boulgn.	C	15	59	Nairobi	S	21	70
Bristol	C	17	63	Naples	S	25	77
Brussels	C	15	59	Nwcstl.	C	12	54
Budpst.	S	26	79	N. York	S	29	85
B. Aires	R	10	50	Nice	F	22	72
Cairo	S	35	94	Nicosia	S	29	84
Cardiff	C	15	59	Oporto	R	16	61
Casbca.	F	26	79	Oslo	F	20	68
Cape T.	R	16	61	Paris	R	15	59
Chicago	S	35	94	Perth	F	29	84
Cologne	C	15	59	Prague	C	19	66
Cpnhgn.	C	18	64	Reykjvk.	R	10	50
Corfu	S	30	86	Rhodes	S	28	82
Dublin	R	15	59	Rio J'o	C	21	70
Ednbgh.	C	14	57	Rome	S	28	82
Faro	S	27	81	Salzb'rg	C	22	72
Frankf't	R	15	59	Singapr.	C	29	85
Funchal	S	22	72	Stckhm.	F	20	68
Geneva	R	14	57	Strasb'g	C	17	63
Gibrltr.	S	22	72	Sydney	C	31	87
Glasgow	C	14	57	Tangier	S	34	93
G'rnsey	C	13	55	Tehran	S	26	80
Helsinki	F	21	70	Tel Aviv	S	28	82
H. Kong	S	31	87	Tenerife	S	27	81
Innsbr'k	C	23	73	Tokyo	S	31	88
Invrnss.	R	10	60	Toronto	C	19	67
I.o Man	C	14	57	Tunis	S	33	91
Istanbul	S	28	82	Valencia	S	36	97
Jersey	F	15	59	Venice	R	25	77
Jo'burg	S	15	59	Vienna	F	26	79
L. Plms.	S	23	73	Warsaw	R	19	66
Lisbon	S	23	73	Zurich	C	17	63

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

REPORT GOES TO MINISTERS

Alternatives to rates to be studied

BY ROBIN PAULEY

A SCHEME to abolish domestic rates and replace them with either a local sales tax or a local income tax is to be put to senior Government Ministers in a confidential report this week.

The Conservative Party committed itself to abolishing domestic rates in its general election manifesto, with the proviso that reform and reduction of income tax would have to take precedence. The plan now is to choose the best alternative to domestic rates, so work can begin on a scheme which could be implemented immediately after the next General Election if the Conservatives won.

Many in the Cabinet, including Mrs. Thatcher, favour abolishing domestic rates as quickly as possible. Since the last Election back-bench Tory pressure for this has mounted, prompting Mr. Michael Heseltine, the Environment Secretary, to ask the working group of civil servants looking at alternatives to give greater priority to its work.

The group has now finished its work and is understood to have considered a number of alternatives to rates. Most were contained in the Layfield report into local government finance in 1976, largely ignored by the last and present Governments.

The Government is looking for an indirect tax less visible and less painful than the present direct taxation system of rates. At the same time, it lays great stress on accountability, which is more difficult to achieve with an indirect tax. Layfield dismissed a local sales tax, principally because it did not meet the test of accountability: that it should be clearly perceptible.

A locally variable sales tax can, however, raise much money, though administration would be complicated. The present sales tax—value-added tax—raised more than £8bn in 1979-80.

The other option favoured by the working group, local income tax, formed the basis of Layfield's principal recommendation.

In 1978-79 income tax raised nearly £19bn, and a relatively small proportion of this yield would give local authorities a substantial revenue base.

The Government is not bound to accept either of the two favoured options. Local authorities are opposed to the abolition of rates, and a political compromise might involve using a new, locally raised tax as a third, intermediate source of revenue. This would allow the "painful" rates to be reduced and would reduce government involvement in local affairs.

● The Conservative-controlled Cambridgeshire County Council plans to defy the Government over spending cuts. The policy committee has rejected a call to save an additional £7m this year.

Councillor Robert James, the chairman, said last night this could not be implemented without dismembering or abandoning parts of the public services.

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